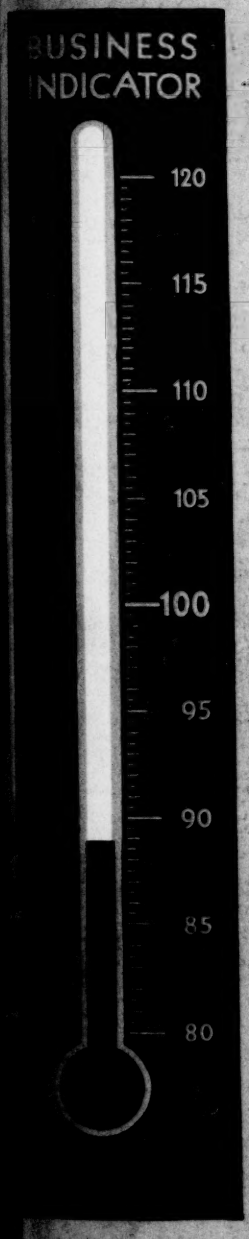
JUN 24 1930

JUNE 25, 1930

THE BUSINESS WEEK



THE slight spring stimulus to business has spent itself, and activity has been declining since the middle of May. The opening of summer finds the volume of general business at the lowest point so far reached in the recession. . . . . Our weekly index of production and trade stands at 88.7% of normal, as compared with 90.5% last week and 109.1% last year this time. (See text and chart, pp. 41, 42). . . . . Productive activity has been holding up somewhat better than general trade, but is now giving way to the usual seasonal slackness. Commodity prices are slipping to pre-war levels, stocks toward last November lows, in a universal blue-funk about world business conditions and anxiety over effects of the new tariff. . . . . American business is giving a pretty poor exhibition of its proverbial spunk and shrewdness. After six months of scraping along the bottom, 120 million people have swallowed all the water and bruised all the hide they care to, and are bound to come up for air before long. . . . . The bright boys who see them coming a few winks ahead are going to plant a new crop of fortunes in this slough of despond, while other folks are still nursing their tender feelings and keeping their money in their socks. The record low Reserve Bank rate may be the signal.

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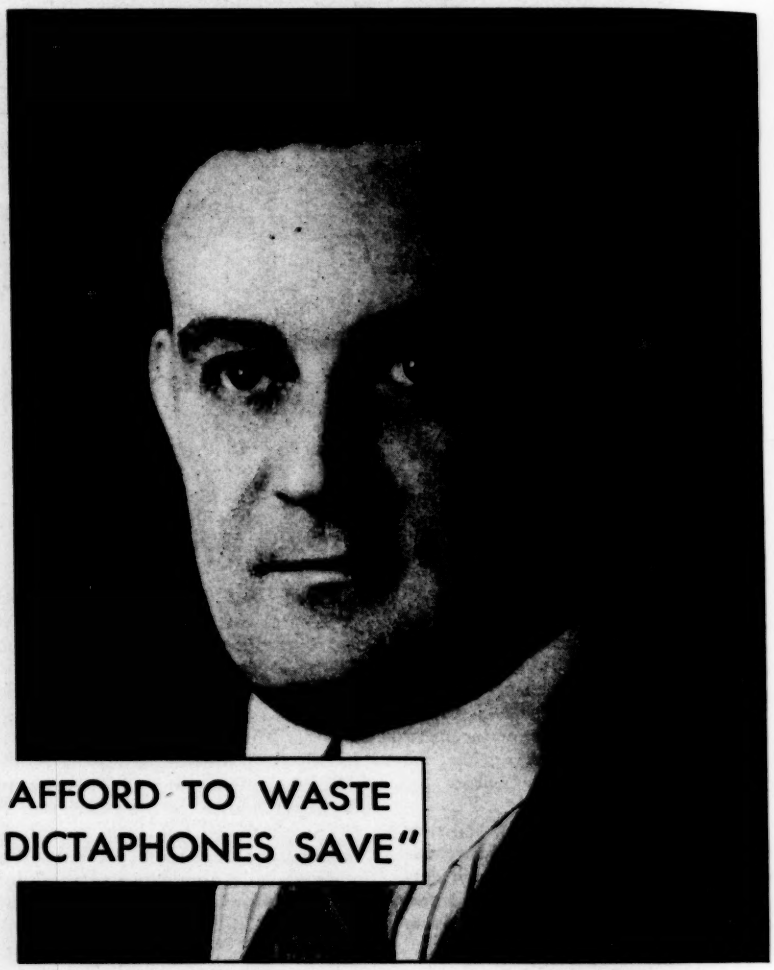

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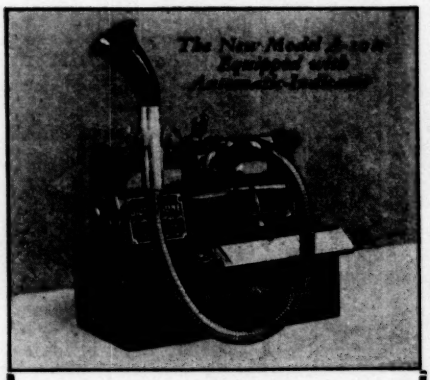

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What's In This Issue —And Why

Tariff

IT'S a record-breaker—the new tariff. It was slowest made, quickest signed, is likely to be the soonest changed. *(page 5)*

EUROPE is quiet—perhaps out of breath from screaming so much beforehand. She expects Presidential revision. Cables to *The Business Week* analyze effects on each country. *(pages 5, 6)*

THE bill was made for, and largely by, the farmer, but he will find himself not much the better off for it. *(page 18)*

IT is a bad tariff bill, as the President said rather plainly. It can be donounced savagely. But it isn't a disaster. Old Man Time, the undertaker, will do his work. Business will survive. *(page 48)*

Automobiles

FORD, 41%, Chevrolet, 24%, swallow the automobile market. Other makers are blue. Dealers are in better shape. *(page 17)*

Building

INDUSTRIES, utilities, cities, states are building, but private enterprise lags. *(page 11)*

NEVERTHELESS, employers and unions grimly maintain the *status quo* in hours and wages. *(page 12)*

$7 a Day

MERCHANTS, advertising men, manufacturers, sociologists, scan the fascinating report on just how 100 families live on Ford's minimum wage. But the 100 probably aren't typical. *(page 32)*

Dollars Go Up

DOLLARS are worth more than they were last year—may go on rising in value. Already this has had profound effects on governments, great corporations, and investors both great and small. *(page 8)*

Brands

MANUFACTURERS, distributors, advertising men are jerked to alert attention as new warfare breaks out between private brands and nationally advertised ones. *(page 10)*

Group Banking

DETROIT banks have grouped, merged, and branched until unit banks hold only 15% of deposits. Detroit likes this. *(page 14)*

A Great Name

MERCHANDISING brains made it "great"; expansion pushed it to California. So now The Great Atlantic & Pacific chain has grown up to its name—a far cry from 1859, and a little shop in Vesey Street, New York. *(page 29)*

Oil

STANDARD of New Jersey's imported hydrogenation process will go to work first on lubricants, not gasoline, it develops, as Standard joins hands with an ancient foe, Royal Dutch Shell. *(page 22)*

Soviet Coal

THAT Russian coal sells at a premium, not at a dumping price, Boston dealers indignantly assert. Congress, while sympathetic, yet hesitates to lay an embargo to help Pennsylvania producers. *(page 37)*

Cold Storage

COLD storage space is idle, yet new warehouses are building. The industry is concerned, seeks a remedy. *(page 26)*

Unemployment Insurance

GENERAL Electric offers, subject to vote of employees, an unemployment insurance plan; contributing 1% a week of wages, men will draw 50% of their wage during lay-offs. *(page 34)*

One of these days you will ride on an Aluminum Train

Already trains, with cars built partially of the light, strong Alloys of Alcoa Aluminum, are speeding along the tracks of several leading railroads. Fulfilling daily schedules, these aluminum cars are being checked and studied for speed, cost of operation and many other facts.

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ALCOA ALUMINUM

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending June 21, 1930

Here's the New Tariff—Tediously Made, Abruptly Applied, Promptly Reopened

Europe Takes It Quietly, Suspecting It Will Be Modified, and Borah's Move Suggests That Europe May Be Right—That Rates May Never Be Stable

SHIPS raced to port; brokers, importers, sea captains crowded custom house corridors; stevedores perspired overtime in warehouses to get foreign goods in under the tape of the new tariff that became law on the stroke of midnight, June 17.

It took the longest time on record to make the new tariff, the shortest time to put it into effect. The President approved the law almost before it was passed and signed it a few hours after. Government departments were not asked to study it and say something about it before the President scratched his signature on it with the usual souvenir pens. The expert department statements are expected later, if necessary to relieve public anxiety and stock market discouragement.

Flexibility Emphasized

Unprecedented haste in approval and signature were to dispel business uncertainty. The Presidential statement announcing advance approval justified the bill as fulfillment of party promises for limited revision to correct inequalities and benefit agriculture; gave figures to show the new tariff isn't so high; admitted it isn't perfect; but hailed flexible provisions as means of remedying defects and meeting foreign complaints.

Although the main reason for approving the new tariff was hope of relieving business uncertainty and stopping tariff agitation, first reaction to it points to increased uncertainty and renewed agitation. The stock market reacted to general business discouragement and anxiety about possible effects on foreign and domestic trade.

The flexible provisions, counted on as an instrument for quiet, scientific revision to correct imperfections, were promptly seized upon in Congress as a lever to pry the whole tariff open again. These provisions, not essentially different from those in the old law, permit Congress, the Tariff Commission, the public, and the President to initiate investigations and hearings for revisions of rates. Senator Borah, while the bill was being signed, moved to have the Tariff Commission re-open rates on shoes, furniture, cement, agricultural tools, and other things, in order, he said, to see how much the flexible tariff will flex. The Senate promptly acceded.

Stability Doubtful

Congress is not going to be in session long enough nor the new Tariff Commission appointed soon enough to rip the lid off this Pandora's box very quickly; but it is clear that the flexible provisions may be a boomerang for those who expect tariff stability and think the tariff is better settled than settled right.

While wheat prices crashed to low levels of many years with signing of the bill, *Business Week* correspondents in the Northwest report the Farmers' Union Terminal Association and Minnesota Farm Bureau Federation officers forecasting detrimental effects for agriculture in the new bill. Fear is expressed that the European buyer is not going to buy American wheat and other grains when American markets for goods he produces are being taken away from him by new and prohibitive tariffs.

Foreign reaction to final enactment of the law was mild. Enactment had been discounted and most of the thunder discharged beforehand. There were low rumbles of threatened reprisal by groups of European countries reported to be moving to cancel orders and stop buying copper and other nonferrous metals here. Copper did break to the pre-war price and lower than 1921 depression prices; but world dependence upon American copper supplies, though not for other metals, is taken to mean that no effective action of this kind is possible. The same applies to many other important lines of American exports.

Europe's Reaction

Special cables from *Business Week* correspondents abroad say that no important European country will singly take immediate, if any, reprisal measures, but forecast long-time effect in promoting European solidarity and possibly later concerted action. Protests of American economists and business men against the tariff have moderated foreign anxiety. Europe considers this tariff unrepresentative of best American thought. It does not believe this tariff is an actuality, feels it will be modified by Presidential action or bring a fundamental revulsion to lower tariff policies. As yet the tariff increases are only theoretical and European attitude awaits actual trade experience under the new rates.

Great Britain

The main interests that are anxious about tariff effects are those of England with her exports of $17 millions worth of leather footwear, $16 millions worth

Helping the Farmer?

By design, the Smoot-Hawley tariff act is an agricultural relief measure.

Rates on farm products are increased. How much does this mean to the individual farmer?

This question is answered in the second of a series of plain talks on the new tariff, appearing on page 18 of this issue.

Other aspects will be discussed in later issues.

of leather goods, $15 millions worth of woolen worsteds, $17 millions of iron and steel products, $6 millions of porcelains. The diversity of British exports to the United States distributes the effects without hitting severely any single interest.

Germany

Germany is anxious about her finished leather and leather goods exports, the knitted goods trade of Chemnitz, her Black Forest clock industry, her Pforzheim bijouterie, her Bavarian porcelain, her chemical specialties. Germany's dependence upon exports in order to pay reparations heightens her resentment at this high tariff on her largest market. Protest meetings are being held by manufacturers in affected districts. A national boycott is proposed but unlikely.

The Business Week learns that the National Manufacturers Association of Germany will oppose boycott movements, feeling that Germany is dependent on American credit in coming years and that boycott is improbable because the public wants foreign, especially American quality, goods. Proposals by French and Swiss manufacturers for concerted reprisals are not welcome, but Germany fears American dumping and would favor radical anti-dumping restrictions which would hurt American markets in Germany.

France

France fears chiefly effects on her luxury goods exports, including $15 millions worth of wool clothing, $8 millions of furs, $9 millions worth of leather and leather goods, $9 millions worth of toilet accessories, $6 millions of woolens, $3 millions of furniture. Since the proposed high lace duties have been abandoned in the law, resentment has been moderated. French luxury exports to the United States are in a class by themselves, less dependent on prices. Moreover, France remembers that exports actually increased following the Fordney-McCumber tariff. Its chief center of discontent is in the textile districts, but there is no concerted sentiment for reprisal.

Italy

Italy worries over her $13 millions worth of cheese exports, her $5 millions of tomato preserves, her $5 millions of nuts and dried fruits, $2 millions of olive oil, $6 millions of felt and straw hats, $6 millions of rayons, $4 millions of cotton tapestries and furniture. Resentment is Italianissimo. Special arrangements for other countries to supply her imports of wheat, petroleum, and machinery from the United States, amounting to $76 millions in 1928, are being advocated, but no immediate reaction is probable. The pending increase in the Italian duties on automobiles is not connected with our tariff.

Spain

Spanish resentment is particularly high because of her manufactured cork exports of $19 millions, almonds and olive oil of $3 millions each, and because Spanish imports from the United States of about $100 millions were not only the highest from any country but double the value of her exports to us.

A high official advises *The Business Week* that energetic action is contemplated, possibly denunciation of the Spanish-American commercial treaty and participation in any concerted reprisals that may be launched. Among the most important American exports that might be affected are $11 millions worth of mineral oils, $7 millions worth of automobiles, $12 millions worth of machinery, and $3 millions of rubber products.

May Foreign Trade Drops Off Here and in Great Britain

THE passage of the new tariff coincided with the announcement of the worst foreign trade figures in many years. May exports, $332 millions, were 3% lower than those of April, 16.4% below last May, nearly 24% below May, 1928, and lowest since the depression year of 1922. Imports, $285 millions, dropped 7.4% from April, 28.7% from last May, 19.5% from May, 1928, were lowest since 1922.

In our export trade there may be some consolation in the fact that the deficit below the preceding year, which increased month by month up to March, when it was nearly 25% under 1929, has decreased month by month since until in May it was only a little more than in January. On the import side, however, the deficit below last year has increased steadily and rapidly since the beginning of the year, until in May it

Keystone

MR. EDGE GOES ON THE ROAD

The American ambassador (right) is met at Lille in his third trip through the industrial districts in the north of France. He spoke in defense of the American tariff which has raised a storm of protest in this section

Acme

CONGRATULATIONS?

The proud parents of the tariff bill, Representative Willis C. Hawley of Oregon (left) and Senator Reed Smoot of Utah (right) pose for the photographers after the signing of the bill. Pictures of the actual ceremony were not permitted

was almost twice as great as in January. This tendency of imports to slump more than exports, as compared with last year, is an indication that domestic trade has slackened rather more than foreign trade. Our imports are chiefly raw or semi-finished materials and tend to rise and fall with domestic business activity—usually somewhat in advance. Imports were rising from January to April, but slumped in May. Probably the prospect of the new tariff tended to stimulate imports in the earlier months of the year, but the slump in May, before the tariff, indicates lowered demand for foreign products due to slack business here.

Raw Materials Lowest

Details of May foreign trade will not be available for some weeks, but it is probable that the larger part or all of the decrease in exports as compared with last year will be explainable, as it was last month, by the falling off of shipments of raw materials, especially agricultural staples like cotton and wheat. April figures indicated that typical American manufactured products were still in fairly good demand abroad. For example, exports of industrial machinery for the first four months of 1930 were 4% greater than in 1929. Although total exports of automotive products in April were 6.3% below March, this decline was due to falling off in shipments of miscellaneous products. Exports of passenger cars and trucks in April amounted to about $25 millions as against $22 millions in March, nearly $18 millions in February.

The extent to which the falling off in the market for American agricultural products has affected our foreign trade is indicated by the fact that the Department of Agriculture's index number of agricultural exports, based on 44 principal farm products, declined to 65 in April, 35% below the pre-war average, and with the exception of one month, July, 1928, lowest for any month on the records running back to 1915. If cotton is left out of the index April farm products exports were at the absolute low record. Cotton exports in April were lowest since 1924 and about one-half as much as before the war. Wheat exports were 20% lower than last year and even fruit exports declined 18% in April this year as compared with last year.

Effect of Tariff

Enactment of tariffs on foreign farm products may enable our farmers to sell more of these things in this country at higher prices, but they are not likely to help sell more of them abroad.

A similar decline in trade is shown in the May figures for the next greatest trading country, Great Britain. British exports in May were nearly 25% below a year ago and imports were nearly 12% lower. Both exports and imports were higher by about 8% than in April, partly because of the longer month.

In the case of Britain, the decline as compared with last year reflects heavy falling off in exports of cotton goods due largely to the Indian boycott. Exports of cotton piecegoods in May were 33% below last May. Woolen yarns were down 54%, woolen goods 32%, iron and steel 26%. This slump in one of Britain's main exports, cotton goods, was reflected in a reduction of 30% in imports of raw cotton, which American cotton farmers were duly aware of, as the figures noted above show. Thus, Britain's loss was partly ours as well.

Declines in world commodity prices account partly, but not by any means wholly, for the falling figures of our own and world trade. Taking our own statistics, we find a decrease of about 24% in the value of our exports and of about 20% in imports from May, 1928, to May, 1930. During that period wholesale commodity prices declined only 8%. During the past year alone our exports declined 16.4% and imports 28.7%, while wholesale prices fell over 5.3%. Thus, the falling foreign trade figures represent in larger part a real decline in trade.

Treasury Surplus Gets An Unexpected Boost

THE Treasury's prospective surplus for the fiscal year ending June 30 was boosted by an unexpected $71,000,000 this week when the foreign governments that owe Uncle Sam money paid their June debt instalments in cash.

Heretofore, they have paid in our government securities which they have been able to purchase in the market below par, their payments thereby simply serving to reduce our public debt. But easy money and the demand for these securities by investors looking for a fixed income in a period of market instability has sent government issues to a 2- or 3-point premium. So the debtor nations paid in cash this time. Their payments on principal—$46,000,000—apply by law to our debt reduction, but the interest goes into the Treasury's general fund.

The 1930 surplus may now come to somewhere between $100 millions and $125 millions but, with heavy Congressional expenditures, business recession, and the stock market decline, restoration of income tax rates to their 1928 level still seems inevitable.

Price Declines Add to Some, Lighten Other Business Burdens

On the Whole, Though, Their Effect Is Unfavorable And an Upturn Would Serve to Hasten Recovery

ARE we in a period of permanent change in the value of the dollar, in which all dollar values will be scaled down? Economists differ as to whether the declining prices of the past year represent the beginning of a long-drawn period of falling prices such as followed the Civil war and the Napoleonic wars. But there is no doubt about the decline in prices already recorded.

Everybody who pays, receives, lends or borrows money, individuals, corporations, governments alike, has been affected by this revaluation of the dollar. The billions of dollars that are now changing hands daily, the billions that are owed or loaned, are not the same dollars that changed hands or were loaned or borrowed a year ago or 10 years ago.

Where Prices Have Gone

Wholesale prices in the United States now are 3% lower than at the first of the year, 6.3% less than they were a year ago and 6.9% below the point at which they stood two years ago. Retail prices have dropped 1.6% from the level of first of the year, 1.1% below that of a year ago and 2.1% below that of two years ago. These declines represent a rise in the value of the dollar in terms of goods which it will purchase—a rise which has amounted to 60% in value since 1920. Declines likewise have taken place in the price levels obtaining in other countries, some greater, some smaller than those we have experienced. This change has worked against those in debt, in favor of creditors. Since monies are based on gold, what actually takes place is a rise in the value of the yellow metal.

Government debts have become much more burdensome as a result. Sir Josiah Stamp, great British economist, has estimated that, while Britons have been congratulating themselves on its reduction, Great Britain's debt has been increased in recent years by $7 billions, due to changes in money values. By the same token several billions have been added to the American debt. These debts are in constant units of currencies, but in units which are increasing in value.

This week foreign nations paid the United States government $120 millions on their debts. That amount represented considerably more in purchasing power than it did at the time it was borrowed, a difference which was to the disadvantage of the borrowers. But when, this week also, the United States paid out in interest on government obligations between $80 millions and $100 millions, it suffered the same disadvantage.

Germany's reparation debt, by the same token, is becoming heavier. The billions of reductions granted under the Dawes and Young plans have been in considerable part offset by the increasing value of the marks, francs, pounds, etc., which Germany must pay the allies.

Corporations this week paid out millions of dollars in dividends and are paying additional millions in interest on bonds. The burden of these payments on the corporations is much heavier than the same amounts placed on them last year and the year before, since the dollars paid are worth more now than they were 12 or 24 months ago.

Wise Shifts to Bonds

Corporations which sold stock and paid off bonds last year when the stock market permitted were wise—many of them wiser than they knew. Dividends are paid on stock, and dividends can be changed at will, adjusted to meet changes in dollar value. Interest payments and rates on bonds are set irrevocably. That corporations are taking advantage of their good fortune is attested by dividend reductions or omissions by more than 250 corporations already this year.

All corporations, other businesses and governments distribute billions in payrolls each month. As a result of the dollar increase in value these payments are actually increasing, though the same number of dollars are being paid. This is an advantage to employees, of course, but a burden to business. On the other hand, the price declines help business when it comes to use its appreciating dollars to purchase materials or pay rents.

Tariff duties are being increased enormously not merely by law but by price changes. Payments of duties at set rates in units of currency are inevitably made heavier as these currencies become more valuable, and as the prices of goods decline. Arbitrary tariff increases by this change have occurred in the percentages shown above.

The declining demand (or increasing supply of money) which has sent interest rates down is, in part, due to price changes, in part to the business recession. The same volume of business can be done with fewer actual dollars than in any recent year. This frees funds for the loan market. A wide misconception of the real import of many financial indicators has been fostered by the shift in values. A large part of the huge decline in commercial loans, check payments, currency in circulation and bank clearings can be explained by the

Wide World

OSCAR CHARLES MERRILL

The chairman of the American Committee for the World Power Conference now in session in Berlin. He was formerly executive secretary of the Federal Power Commission

price decline. Comparisons with previous years made in dollar values are distorted badly.

A bond market so powerful that it absorbs more issues than in any recent year and bids governments up so strongly that the yield is only about 2% is partly accounted for by the increased desire for a fixed income at a time when prices are declining. Of course, bank demands for bonds as investments and the plethora of funds are also important factors in the situation.

The burden of taxes is increased when payments must be made in dollars of increased value. The impact of this plus rising local rates plus the probability of restoration of higher federal income tax rates is a heavy one.

Will these unfavorable factors continue? Authorities disagree widely. At one time early in the year prices firmed, price averages showed a light upturn. But since then the decline has been resumed, has in recent weeks become precipitate for some commodities.

Many hold the charge in price level to be a financial phenomenon. Others believe it a business development, resulting from production expansion. Certain it is that the price recession holds up business recovery.

A demand for gold as a basis for credit which exceeds the rate of gold production is cited as a reason for fearing a continued price decline. More efficient utilization of the world's present monetary gold stock would help offset this influence as would a more efficient utilization of credit.

Several elements work in favor of a price firming, others are potentially favorable. American banking, through closer concentration and cooperation, is conserving credit to a marked degree. High hopes are pinned on the new World Bank to do the same thing in the international sphere.

The easy money rates now in effect should tend to stimulate business and so make for firmer prices but the full effect of these easy rates cannot be felt until they have been in effect for a longer period. The effect of over-production resulting from the unprecedented industrial activity of 1928-29 in forcing prices down is being ironed out as some of this over-production is absorbed.

Wages and salaries, being maintained in constant dollars in this country, thus going up with the price change, continue to supply the purchasing power on which the late boom was created and any increase in demand for products will tend to firm prices.

However, the existing conditions serve to emphasize the need for price and monetary stabilization and the necessity of effort in this direction is being increasingly realized.

Is Mr. Rockefeller Helping The Radio Industry Sign Off?

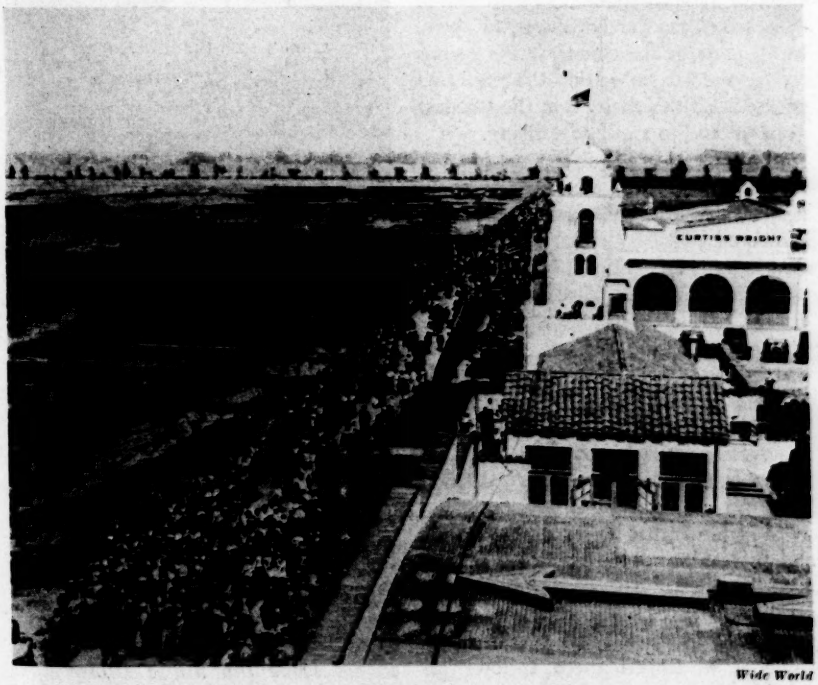
Of unusual significance is the plan, to be financed by John D. Rockefeller, Jr. and sponsored by Radio Corp. of America and its affiliated interests, for the construction of a national amusement center in New York City. Gigantic as is the project for private enterprise to undertake—it involves erection of $200,000,000 worth of buildings upon land valued at $250,000,000—its potential influence upon the amusements and the cultural growth of the entire country completely overshadows it as a real estate project.

Radio has grown from a laboratory experiment to a great public institution. With the development of television it promises to become of even greater importance in everyday American life.

It seems not at all unlikely that Radio Corporation and its major associates, General Electric Co. and Westinghouse Electric & Mfg. Co., are discovering that, in accepting sponsorship for broadcast facilities to insure markets for their radio products, they have grasped the proverbial bear by the tail. It seems no more unlikely that they would not be reluctant to relinquish control of broadcasting to a responsible organization and return their interest to technical and manufacturing fields.

N.B.C. Centralized

A development of this nature has an excellent groundwork in the proposed amusement center. In the project will be centralized the broadcasting facilities of the National Broadcasting Co.—R.C.A. subsidiary—with 27 broadcasting stations. A variety theater seating 7,000; a theater for presentation of talking pictures seating 5,000; theaters for legitimate drama, musical comedies, concerts, possibly a hall of symphony will also be included and all will be wired for broadcasting and for television when this development arrives at a point to permit it. Equipment will



Wide World

Los Angeles Dedicates an Airport

Old Mines Field, taken over by the city, is re-dedicated as the Municipal Airport. It is unusually wide and flat, one of the major ports of the country. Included in its equipment is a separate glider runway for primary training

also be provided for making talking pictures so that in this one center all major means of providing public entertainment can be provided not only for local audiences but can be broadcast to the 12,000,000 American homes now having radio receivers.

Already National Broadcasting Company has an advisory committee of eminent citizens who are giving their advice on matters of public policy in connection with broadcast programs. With the New York amusement center financed and to some extent endowed by Mr. Rockefeller, it would be but a short step entirely to divorce the entertainment feature from its present tie-up with commercial enterprises and place it in charge of an already existing or a newly created foundation which would ensure perpetual attention to the public interest by these services.

Whether this development follows or not, the plan as now outlined promises to provide a vastly improved type of program for broadcast listeners and should have a marked effect upon the development of all kinds of public amusement enterprises.

Operations are expected to begin this fall; to be completed within three years. Radio - Keith - Orpheum will operate the theaters; Radio Pictures, RCA-Victor and other Radio subsidiaries will have a part in the various activities of the center.

Private and National Brands Embattled on Many Fronts

PRIVATE brands are suddenly obtruding themselves into the markets which national advertisers thought they had preempted. Manufacturers in one industry after another have come awake with a shock.

John David startled the men's clothing industry by throwing out the national brand clothes he had been carrying and replacing them by "John David" suits. He said the customers he serves respond more readily and confidently to the name of their favorite retailer than to a nationally advertised one. The scramble to follow his lead has spread dismay in the industry. At first it was thought that it would be confined to New York, but already it is spreading over the country.

Under Private Label

One of the nationally known packaged breakfast cereals is being packed under the label of the Independent Grocers' Alliance. One of the smaller soap manufacturers is suddenly growing into a big one—but not because of the sale of his own brand. He is making private brands. He jumped in when the big fellows refused private brand owners. Sears, Roebuck's private branded tires have become an important factor in that industry. They are made in the factory of one of the big tire manufacturers. Another rubber manufacturer is said to be making tires to be sold under the private brand of a well-known chain of gas stations. The question of whether producers of national brands should use their productive facilities to aid the increase of private brands or stand firm and fight private brands is a serious one for manufacturers today. Food manufacturers are particularly concerned. Great systems of so-called voluntary chains of independent grocers have come into existence to combat the regular chains. These cooperative groups have found that brands of their own form highly effective rallying points. Organization enthusiasm can be built around them. In all parts of the country these brands are reported to be getting the preferred positions on the shelves, in the window displays, and in retail advertising.

Chain stores are in the game, too. A recent newspaper advertising count showed that A. & P. advertised private brands of coffee 87 times without once mentioning a national brand in the papers scrutinized. Kroger mentioned private branded coffee 13 times but advertised no national brand. First National Stores mentioned private brands 36 times, national brands only 4 times. The count on canned fruit was not quite so overwhelmingly on the side of private brands, but gave them a decided majority.

The truth is that both national brands and private brands have their advantages and their disadvantages. There is a normal balance between them which may be tipped by special effort, but when it is tipped there follows inevitably the natural reaction. Retailers complain that some producers of national brands have gone too far in their assumption that their advertising has made them independent of their distributors. And retailers are questioning what they say is the tradition that some national brands must be carried because of the force of customer demand whether or not there is any profit in them for the distributor.

Listen to Retailer

To contentions of this kind, the chain retailer's answer is that if he tells Mrs. Customer that he has a special brand put out by his own chain which is of higher quality than the national brands of the same goods she will probably try it out; if, by any chance, she likes the private brand, all the national advertising in the United States will not stop her from taking his advice.

True enough, there is no strong force to keep up the quality of private brands. Eventually many of them will probably slump in quality and customers will return to the national brands. But in the meantime there is likely to be much merchandising carnage.

Acme

FOR FARM AID

Representative John W. Summers (left) and E. L. Roberts of the National League of Commission Merchants leave the White House after witnessing the signing of the Borah-Summers bill which provides for compulsory licensing of farm product marketers

Wide World

THE UNIVERSITY OF PENNSYLVANIA GETS A PRESIDENT

Thomas S. Gates, of J. P. Morgan and Drexel & Co., is elected to a new office (Pennsylvania has never had a president). He will serve without pay

Commission Dealers Get Licenses December 11

COMMISSION dealers in fresh fruits and vegetables must get Federal licenses (fee, $10 a year) before December 11, 1930. Retailers who handle more than 20 carloads of any such commodities annually also must be licensed. And the licensees must not say their purchases have spoiled en route unless they really spoil. They must make deliveries as promised, if they can. They must not dump or destroy commodities "without reasonable cause," and it is understood that a drop in market prices no longer will be considered by anyone as "reasonable cause."

Fraudulent statements as to the origin of and condition of carloads of fresh fruits and vegetables are declared unlawful. So is fraudulent removal of notices on containers or inspectors' certificates. Finally no licensees will be permitted "to conspire to manipulate or fix prices of any perishable agricultural commodity."

All these requirements and prohibitions are now part of the law of the land since President Hoover signed the Perishable Agricultural Commodities Act of 1930 last week. The bill was sponsored by the fruit and vegetable trade organizations, state agricultural commissions, cooperative market associations, the U. S. Department of Agriculture and the Federal Farm Board. Mr. Hoover, in signing the bill, is reported to have said: "It is a very important step in protecting both the farmer and the honest dealer as well as the consumer." The only trouble will be that the farmer will no longer have anyone to complain of when the commission dealer becomes lily white.

Minneapolis and St. Paul Are Burying the Hatchet

AMERICAN municipal historians will have to find a replacement for the former classic example of city rivalry. Minneapolis and St. Paul have buried the hatchet—or at least the cutting edge of the hatchet.

Each used to send its own "good-will party" through the adjacent North Dakota trade territory, laden with bands, flags, souvenirs, oratory, and a few select aspersions to cast at the other Twin. June 17, this year, saw the start of a joint booster junket made up of the leading business men of both cities. This idea, applied in a promotional visit to the Black Hills district of South Dakota last year, will be tried out a little closer to the fires of municipal competition.

Another joint enterprise is now an established success—the semi-annual Twin Cities Market Week, held each spring and fall by St. Paul and Minneapolis wholesalers.

And commercial organizations of the Twin Cities have even agreed tentatively on a program of joint national advertising, but that is being held up for more favorable business auspices.

Charge Customers Take 68 Days to Pay Bills

INSTALMENT selling got a boost, grocery retailers a break, and the American consumer-on-a-charge-account basis a rebuff when the Commerce Department released its final study on retail credit.

Reports from nearly 24 thousand stores doing $5 billions of business annually showed that, in 1927, 59% of the sales were for cash, 32% on ordinary charge accounts, and 9% on instalment accounts. Ratio of bad debts to total credit sales was 1.2% for instalment sales, and 0.6% for charge accounts.

Instalment outstandings were collected at the rate of 13.5% a month; people settled in 7 months instead of utilizing the customary limit of 10 months. Charge accounts paid in on an average of 44.1% a month, but grocers reported collections on open credit accounts of 66.8%. The average length of time open accounts were outstanding was 68 days.

Governments, Utilities, The Only 1930 Builders

THE May building figures were lower than April by 5.3%, somewhat less than the usual seasonal decrease. Industrial building alone showed pronounced increase for the month, in the Dodge figures for 37 states. The *Engineering News-Record* figures of heavy construction contract awards show a large increase for the month in public works and utilities also, although Dodge shows a decrease. The rise in industrial and public utility contracts in the *Engineering News-Record* figures bring the May total of heavy construction above April by 36.6%.

As compared with earlier years, the May building figures show no very encouraging improvement, except in types of construction financed with public money and in public utilities. May construction as a whole, according to the Dodge figures, was 22.2% below last year. It was the lowest May total from 1925 to date and 31.4% below the peak month, May, 1928, in the period since 1925. As compared with a year ago,

only public buildings, accounting for a relatively small fraction of the total, showed any increase. Non-residential construction was 20% smaller than last year, residential construction and utilities, in the Dodge figures, were 3.2% below last year.

Taking the year to date, building construction has run about 18% lower. Residential construction has been 40.2% less and non-residential about 11% less. The only groups showing an increase are public works and utilities (20.7%), educational, religious, and memorial buildings and hospitals and institutions.

It is fairly evident that efforts to stimulate building as an offset to business depression have had little effect, except where financing by public money or public utility securities was possible. Commercial, industrial, and residential building, which account for more than half of the total volume of construction, have lagged, and there can be no real revival of building without them.

Keystone

W. W. CLEMENT

The vice-president in charge of operations of the Pennsylvania Railroad returns from the International Railroad Conference in Madrid

Building Trades Sidetrack Wage and Hour Disputes

FURTHER reports upon building trade activities support the impression (*The Business Week*, June 18) that both employers and employees in these trades are chiefly interested now in the maintenance of the status quo. Despite serious unemployment, employers are making no efforts to drive wages down nor are employees offering to accept cuts to gain employment.

At the same time, considerable wage- and price-cutting does prevail among small, independent contractors and individuals outside the organized trade units.

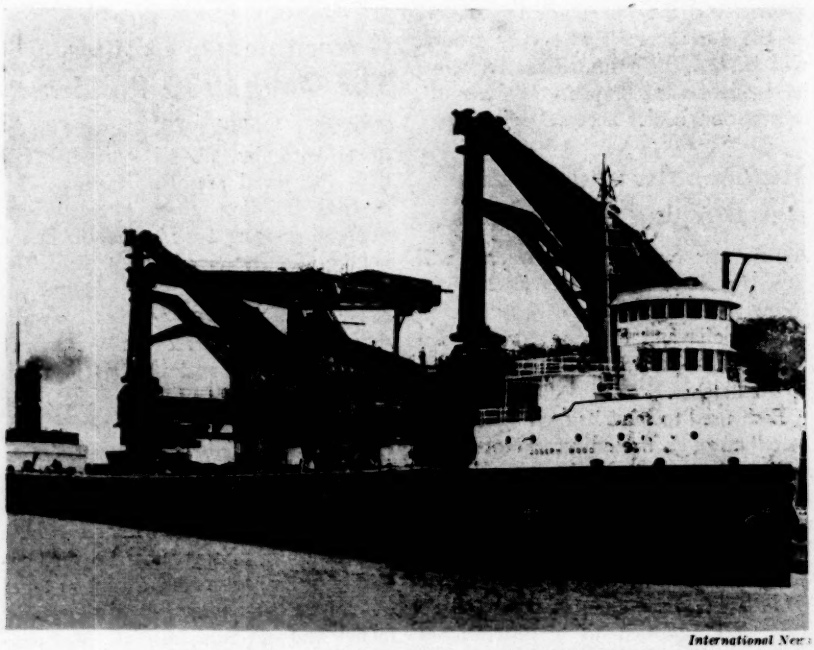
In Philadelphia unemployment is very severe. Secretary Stone of the Builders Exchange Labor Committee reports building operations 50% to 60% of normal—a record low for the industry. In April, 1929, Dr. Dewhurst, University of Pennsylvania, found that 13.1% of Philadelphia's unemployed were building trade workers although they constituted but 6.8% of those gainfully employed. In a study just completed by B. M. Morley, also of the university, building trades workers accounted for 11.9% of all applicants for jobs.

There are no agitations for wage changes in Philadelphia. Employers generally believe wages to be too high but they are not seeking decreases. The only recent increase granted was one of 15 cents an hour to structural iron workers following a strike.

According to figures compiled by the Bureau of Business Research, The Ohio State University, employment in the Ohio construction industry has declined steadily since August, 1929, except for a rise in April which was followed by another drop in May. It is now about 11% below the monthly average of 1926 and about 16% below May, 1929. In Akron, Cincinnati, Columbus, and Dayton, construction employment gained in May but not as much as the average seasonal increase in previous years; in Cleveland, Toledo, and Youngstown, it declined from April to May.

Flint Oversupplied

The 5-day week was adopted in Des Moines last April, but the hourly wage scale was unchanged. Despite this reduction in working hours, unemployment appears to be greater than a year ago when a 44-hour week was in vogue. In Flint, Mich., building operations are about a third of what they were a year ago, but some of the decline is blamed upon the fact that, because of its rapid growth, Flint was oversupplied with builders and workers. Last fall bricklayers obtained a 5-day week with 5-day pay; no other movements of this nature are apparent.



International New

TOLEDO GETS A NEW ORE TERMINAL

With the arrival of the freighter Joseph Wood from Duluth, the Van Sweringens' Presque Isle project goes into operation. These three electric unloading units, taking 17 tons of ore at a bite, make short work of the first shipload

Commodity Markets Are Shaken As Wheat and Cotton Go Pre-War

It was a bad week for the commodity markets. The signing of the tariff bill, the slump in stock prices sent most staples to new low levels for the year, or for many years, or for all time. The two cent tariff on sugar didn't prevent July futures from hitting the lowest figure on records running back to 1860. Copper broke through, in a market now wide open, to the pre-war figure of 11¼ cents. Wheat and cotton also were back on pre-war levels at one time, but recovered somewhat later.

Wheat Exports Up

The low wheat price evidently satisfied waiting European buyers and export sales picked up sharply. This reflects the extent to which foreign supplies have been allowed to run down in the effort to break American and Canadian holding operations. There was no sign, however, of Farm Board support and the Canadian pool has been selling freely to anybody who wanted to buy at current market prices. The Board is evidently not trying to hold the market or do any stabilizing on the old crop at a time like this.

The first carloads of new crop winter wheat have started to market from Oklahoma—traveling all the way from farmer to buyer for the first time via a chain of cooperative marketing agencies, just a year after the Farm Board was established. The farmer now can own that wheat from his field to the millers' bin, and get an advance on it if he wants to till it is finally sold, benefiting by whatever rise in price may take place after it leaves his barn. If the price goes down the Grain Stabilization Corporation can, if it wants to, take the loss out of Uncle Sam's "dissolving fund." Perhaps half of this year's crop will be handled that way.

The Farm Board has already announced, however, that it won't make any loans at fixed prices but will merely supplement ordinary bank loans by enough to cover 75% to 85% of the current market price. If the price drops below the total amount loaned, of course, the Farm Board, as the second mortgage holder, will still have to take the loss.

COMRADE KALMANOVICH

The chairman of the Zernotrest (the Soviet grain trust) is now in this country to inspect the new agricultural machinery. He reports that the government-owned tractors cultivated more than 5,000,000 acres this year for collectives and state farms

Take Loss on Cotton

Just now on cotton, the newly formed Cotton Stabilization Corporation is uncorking its red ink-bottle. When, by July 1, the co-ops have called for delivery on their July future contracts, as they did in May, the Corporation will have over a million bales on which, at current spot prices, the co-ops have a paper loss of about $13 millions, not counting carrying charges, insurance, etc.

The Corporation is organized with E. F. Creekmore, cotton merchant of Fort Smith, Ark., as head. He doubles on this job and as head of the American Cooperative Cotton Marketing Corporation, as Kellogg did in grain. All directors have not been chosen, but at least one will be a cotton manufacturer, and another a banker.

Mr. Legge Unworried

Meanwhile Mr. Legge, who presides over all these things, is as blithe as ever, confounding reporters at his press conferences by his shrewdness, wit, and gaiety. His one-year term expired last week, and the nomination for another sent by the President to the Senate has not yet been confirmed. Asked by anxious reporters if he isn't worried about reappointment and what he's going to do, he replies, "I don't know. It will be an awful situation—unemployment gets worse all the time."

As things look, he'll probably manage to keep busy this year on the Farm Board job, and when that's over those close to him know he has other important and perhaps more promising plans for work to serve American agriculture.

Russian Wheat Uncertain; Cotton All Too Certain

OFFICIALS of Zernotrest, Soviet Grain Trust, cabled this week to Mr. Kalmanovich, their chief, who has just arrived in New York to study the United States agricultural machinery market, that, up to June 10, 198,542,500 acres were sown to grain, already accomplishing 85% of the sowing program for 1930.

Of the total, 76,117,500 acres represented lands cultivated by the collectives, and 7,090,000 acres under the supervision of state farms.

Most vital in world markets is Russia's wheat crop. Previous to June 10, aggressive Soviets and sympathetic farmers had completed the sowing of 55,440,000 acres of wheat, which compares with the total last year of 59,042,000 acres. Interpreted by Mr. Kalmanovich, this means that Russia can be expected to equal, possibly exceed, last year's acreage, for sowing is just beginning in the extreme northern areas.

Not all parts of the country have come up to expectations. In the Ukraine, wheat acreage on May 25 totaled 8,255,000, which is 100% of the program and 11% above last year's total. In the Caucasus, farmers failed by 14.9% to reach the total specified by the program though they exceeded last year's total by 12.5%. May rains bettered crop prospects in the south.

Southern business men in the United States received with a trace of dismay the advance cotton crop reports from Moscow. Annual sales of American cotton to Russia reached a peak of $51 millions in 1927-1928, dropped to $31 millions last year because of increased production in Turkestan.

On June 10, Soviet farmers had completed cotton planting on 4,232,500 acres, an increase at that time of 63% over 1929 acreage, and an excess over the Plan of 40%.

Because Soviet activity on the world's grain markets is still an uncertain factor, because Russia must sell every possible bushel for export credits, and because of world surpluses, grain dealers everywhere are watching Russian sowings, Russian weather.

Group Banking in Detroit Takes Control Over 85% of Deposits

Business in Automobile City Expects Big Things Of the Two Mergers Now Covering 23 of Its Banks

DETROIT banking has become more than 85% organized—by the group, branch, or affiliation route—in the great financial readjustment which has been going on in the automobile center in recent months. While attention has been focused on banking mergers in New York and banking inquiries in Congress, Detroit bankers have grouped, merged, branched, and concentrated resources to an almost unequaled degree.

Business Asked Bulk

Two huge groups bulwark lower Michigan and Detroit. Business asked for them. They are an integral part of business. Their directorates read like a business blue book. They are growing, working with increasing smoothness and efficiency, though they still have much to do.

In 1925 a group of automobile and other business executives talked finance and more adequate banking facilities at home. A small institution, the Guardian, resulted. From this, by a development accelerated in 1929, has grown an organization with $437,000,000 deposits, with 13 banks in Detroit, 14 outside owned outright, and interest in 10 more.

The idea spread in 1929. The Detroit Bankers group came into being, a grouping of 5 outstanding unit banks. Now it has 10 institutions in the city and about $575,000,000 deposits in them. In March, Detroit Bankers banks had 56% of all Detroit deposits, Guardian had 38%. Total: 84% of all the city's deposits. Twenty independents have the remainder. But one of the latter has minority holdings in several small out-of-Detroit banks—potentially another group. Deposits and resources of the two large groups are growing much more rapidly than the aggregate for the independents. Almost every unit of each group is the result of one or more mergers in recent years.

Members of each group operate independently. That's a strong point. In each case the holding company—which is a corporation, not a bank—acts in advisory capacity only. Guardian, owning 14 banks outside of the city, has a rule that at least 75% of the directors of each bank must be local men. The Detroit Bankers holding company owns no banks outside of the city, although one member, the First National, has small stock interests in out-of-Detroit banks. It is thus in a position to expand in Michigan whenever it desires to do so.

Branch banking is accepted in the city. Total branches number 385, nearly 100 for Guardian, about 175 for Detroit Bankers. Group banking they find more advantageous than the unit form, but more cumbersome than that of closer concentration. Michigan permits branches in the municipality of the parent bank. Metropolitan Detroit is made up of six municipalities, almost forcing a holding company if an institution is to cover the area properly.

Hold Strongest Banks

Outside Detroit, Guardian owns the best and strongest banks in key cities, and the same is true of the limited holdings of the First National in the Detroit Bankers group. The best banks in the larger cities, operating profitably, are the only ones susceptible to group membership on a sound business basis. For the smaller places, many believe branch banking the only solution. On the other hand, numerous independent unit banks are doing well in the medium-sized cities.

Each group now is coordinating, shaking down, smoothing out the structure it has built. Competing facilities are being merged. Excessive branches, duplicate securities companies and trust institutions are disappearing. Both the Guardian and the Detroit Bankers groups now have one large national and one large state bank and one trust company. Each group is holding both state and national charters in order to take advantage of the best features of both methods of operation.

The Advantages Listed

The bankers are enthusiastic about what they've built. The move was a local one, not a stock-jobbing operation by outsiders. Its success is shown by results. From the bankers' and the public's standpoint the advantages are:

More adequate banking facilities are available at home. "Mass production" has been applied to banking. Experts can counsel together to ascertain and apply the best method for each minute step. They can carry on better and cheaper research than any one bank could afford. Money can be spent on the best possible credit files and information instead of being wasted in "charge-offs."

Securities and security markets, in-

Pacific & Atlantic

CALIFORNIA BANKERS ELECT A NEW PRESIDENT

Lane D. Webber (left), of San Diego, is congratulated by the outgoing president, Arnold J. Mount, president of the Bank of Italy, San Francisco

Buy No Desk

. . . until you have seen Skyscraper, the new Zeppelin of desks, by Shaw-Walker

"SKYSCRAPER" is the most remarkable desk ever built. It is the new desk that dares to be different. It was created by Shaw-Walker, trail blazers in the creation of new filing equipment, new filing systems and new business furniture.

It was Shaw-Walker who built the famous "Built Like a Skyscraper" steel letter file that thrilled American business, and a dozen other perfections for the office.

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Visit or phone the Shaw-Walker Store listed in your telephone book — or write Shaw-Walker, Box 184, Muskegon, Mich., for the name of nearest dealer — Do It TODAY!

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LARGEST EXCLUSIVE MAKERS OF OFFICE FURNITURE AND FILING EQUIPMENT IN THE WORLD

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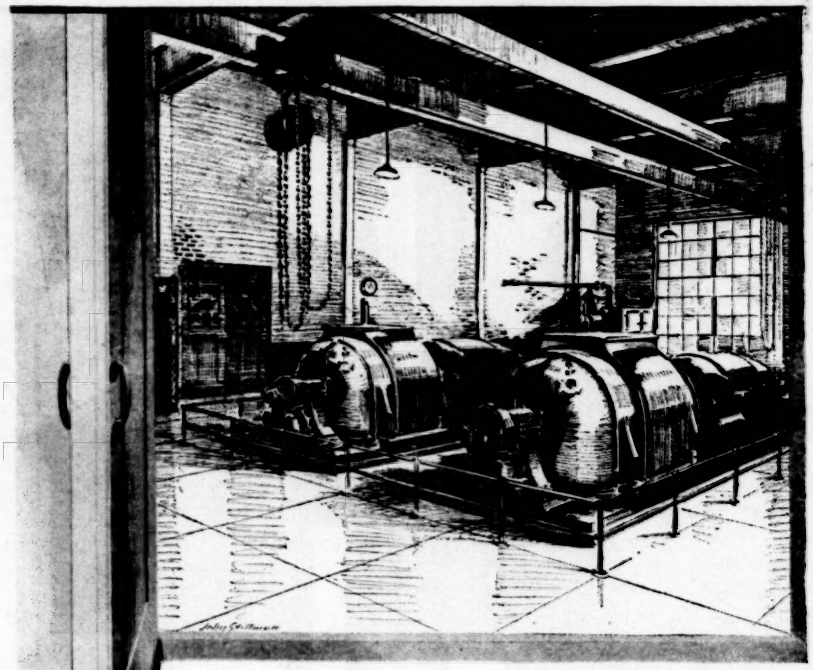


There is a Perpetual Threshold to profit

FOR some establishments in every field of industry the door to profitable operation seems ever open. Actually it is kept open.

The principal executives take frequent counsel with the Engineer that they may have constantly a vista of their productive equipment, as a guide to the replacing of machines that are in the shadow of obsolescence, with better ones and adjusting to these, new methods that compound the improvement.

J. E. SIRRINE & COMPANY
Engineers
Greenville South Carolina

creasingly important to the banks with collateral loans mounting and investments growing, can be better studied and handled. Bidding up the market in buying, glutting the market in selling, can be avoided.

Millions in correspondent balances are conserved. One group doesn't need to carry as large out-of-town balances as 50 units. The savings are available for constructive work in Detroit and Michigan. And, when it is necessary to go out of town, the large group can get a quicker and better hearing.

Greater Safety Claimed

Massed resources make possible financing of which Detroit couldn't have dreamed before. More efficient utilization of funds permits better rates. Greater safety to the depositor is afforded by more efficient methods.

All banking services are being rounded out in a manner which individual banks could hardly make possible. Small loans, "consumer financing," Guardian handles through Michigan Industrial Bank, an industrial financing unit. Detroit Bankers plans a department. Trust departments are stronger and are kept strictly separate from security and trading departments, a practice which many institutions do not follow. Savings deposits are segregated in Michigan, another commendable feature. The banks feel the shortage of paper eligible for rediscount at the Federal Reserve and are forced to carry large amounts of government securities.

Twenty Unit Banks

Unit banking has a definite place in the midst of all this. Twenty unit banks do business in Detroit. The vice-president of the largest said: "I like the groups, think they're doing good. We're prospering too. Many people want to do their business direct with the president or vice-president. Some traditional opposition to groups and concentration exists. Go in with them? It would take a mighty good offer, in cash, before we would even consider it."

The effect of the change to groups isn't a very tangible one for the ordinary depositor and customer. His checks and loans go through about as usual. His savings get the same interest. Michigan hasn't suffered the heavy bank failures of other regions, so its people do not grasp the value of the great strength added to already strong institutions. The changes and advantages are largely internal, reacting to the advantage of big and small depositors and customers alike in many, if intangible, ways.

Motor Sales Total Not Bad But Only Ford-G.M. Are Happy

CURRENT automotive statistics of sales, exports, and production further emphasize what has already been stated in these columns:

1. The industry as a whole, just considering mass figures, is enjoying a relatively prosperous year, considerably less active than record-breaking 1929 but at least on even terms with any other year in the past.

2. Ford, Chevrolet, and a few other companies are doing all the business. Other makers are experiencing one of the worst years in their history.

Consider four months' sales records. For 1930, car sales were 1,047,600. This is 20% below the 1,315,400 sold in the same period last year but compares very favorably with 890,000 for the four months of 1928 and 942,000 for 1927.

Ford sales totaled 428,000 cars, 41% of all cars sold and 5% more than 1929, same months. Chevrolet sold 253,000 this year, 24% of total sales and 4% less than 1929, same period. Sales of all other makes totaled 366,000. This represented 35% of total sales; 43% decrease from 1929. General Motors sales were 15% below 1929. Sales for the entire industry were 20% below last year.

76% to Ford and G.M.

Ford and Chevrolet are selling 65% of all cars sold. Ford and General Motors sell 76% of the total. Sales of other companies are, on the average, nearly 45% below those of 1929, while total sales have fallen only 20%. These figures explain the gloom which still hangs over Detroit and other localities where independent producers are trying desperately to make dents in the near-monopoly which Ford and General Motors have upon the 1930 automobile market.

While May production, estimated at 433,300 cars and trucks, was slightly below April, the decline was merely normal for the season. June production schedules started out with few changes from May although some reaction may be expected before the close of the month. Ford still turns out 9,200 vehicles daily. To do this he employs 109,000 at his three major Detroit plants; a year ago he required 120,000 men to meet a 7,500 car schedule. Ford orders to suppliers have been considerably curtailed recently, due, probably, to the impending shutdown during the last two weeks of July for vacation.

Retail situation is much better than it has been for a long time. Despite the temptation to push dealers, there is evidence that manufacturers generally are regulating production schedules to consumer demand. Used car stocks have been falling since December; in value are now below those carried a year ago and only slightly above in number. New car stocks have also continued to decline; since January 1, there has been an indicated diminution of stocks of some 35,000, an improvement greatly appreciated by dealers.

More Instalment Sales

More buyers are using instalment payments. With total sales 20% below 1929, during the first quarter of this year 644,800 new cars were sold on instalments compared with only 647,500 last year. Instalment selling of used cars increased from 266,500 in the first quarter, 1929, to 317,000 this year.

April automotive exports were 6% less than those of March, 44% below April 1929. Valued at $37,000,000, they included 75,400 vehicles; 270,000 vehicles have been exported during the first four months.

To add zest to the competitive situation, there has recently appeared a new De Soto six, priced from $10 to $35 below its predecessor; two new Hupmobiles, a six and an eight, both selling below $1,500; a Willys-Knight six selling from $975 to $1,265—the lowest price Willys-Knight ever offered; a new Pierce-Arrow straight eight, selling at another record low under $3,000.

Asking "Contributions"

All authorities insist there is no economic justification for cutting prices; that, in fact, present automotive prices are too low to provide adequate returns. But there are unmistakable signs, among which may be included items in the preceding paragraph, that while holding to the theory, many makers confronted with the very real problem of how to keep a factory operating are considering the age-old solution.

An interesting development is the "contribution system" being used by several automotive companies. They take parts lists for new models to suppliers and ask what the latter can "contribute" toward keeping business going. Customary suggestion is 10%. This eliminates profit, usually, but the idea is to keep the plant going and, possibly, the manufacturer can get his employees to make a similar contribution.

It is supposed that when business returns to normal, donations, either of profits or wages, will no longer be required. This plan gets around open price- or wage-cutting, emphasizes the temporary nature of the cut, and avoids violating the letter of the Hoover Conference.

Pacific & Atlantic

AMERICAN BUSES FOR GERMANY

What Berliners call the "zweibus" has been put into service by the Berlin Traffic Co. It has two engines, looks like a streetcar, and carries 40 persons

It's Hard to Make a Tariff That Helps an Export Business

That Is Why the Farmer, Our Greatest Exporter, Will Profit Little From His New Bill

THE new tariff was made for, and largely by, agriculture. It is supposed to fulfill Republican campaign promises for agricultural relief by higher protection.

The President in signing it justified it partly on the ground that it fulfills these promises. He says, on authority of the Tariff Commission, that nearly 94% of the increased tariff in this bill is on products of agricultural origin. This is probably exaggerated because it counts increases on many products manufactured of agricultural materials. The farmer will certainly not benefit by such increases; he will lose as a consumer of them, since the raw material cost in them is a small fraction of the total. The President's apology said the average rate on agricultural raw materials has been increased by about 30% while other things, not of agricultural origin, show an increase of only about 10%.

Does all this really mean anything for the farmer? The new tariff has been put into his hands like a refurbished shotgun as a defense against foreign inroads on his market. Is the shotgun loaded? Will its charges hit anything? Will they ricochet and hit him in the eye?

Chester H. Gray, Washington representative of the American Farm Bureau Federation, who had so much to do with the making of the tariff that it might be called the "Gray tariff" instead of the "Grundy tariff," says it is a good shotgun, though loaded only in one barrel. With a slight bulge in his cheek, indicating where he's keeping his tongue, he says to *The Business Week:*

"It Falls Short"

"There is much merit in the new law if one can grant that tariffs have benefited industry. The new deal which has been given agriculture as to foreign competition is an approach to that which heretofore has protected industry. In so far as tariffs may give a domestic outlet to American producers, this tariff will aid in giving a home market to a wide class of farmers. But it falls short of farm needs by failure to accord protection in several important instances and by giving such small increases in other cases as to be negligible in effect. Where such items have a dutiable status, we can hope for better rates under the new flexible provision."

The fact is, this shotgun agricultural tariff has been loaded and will be discharged in the dark. The farmer is not a trained marksman in tariff making. His shots will scatter widely. Few will register. Manufacturers make tariffs like sharpshooters. They know precisely what they want, and how to get it. If they know they can't get it they don't try. That is why so many industries, like iron and steel, for example, have been indifferent about this tariff.

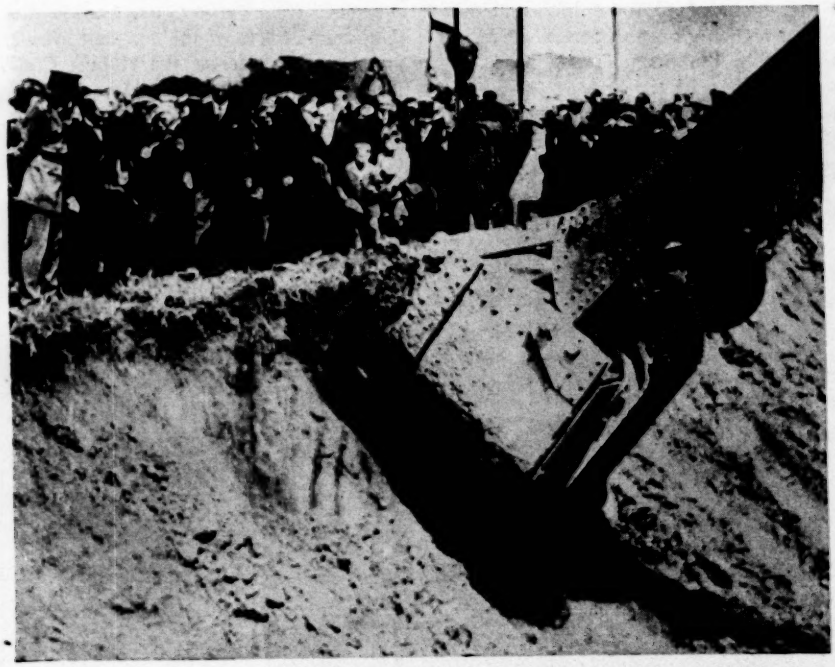
A Vague Principle

This first farmers' tariff has been made on the vague general principle that the farmer should have equality with industry in protection. No one denies this, but everyone, including the great mass of farmers, realizes it means almost nothing. Agriculture is an exporting industry. In most of its products more is produced than the domestic market consumes. Only a few products, affecting relatively small groups of farmers, are imported. Some of these, like coffee, bananas, fresh vegetables and fruits in winter, we do not produce; others, like sugar, we cannot produce economically. In other cases we are simply receiving products we want in exchange for those we do not want. In only few lines, where we do not produce enought to meet our needs, is there close enough organization of producers to establish a domestic monoply, restrain production and competition and hold up prices sufficiently to benefit by a tariff.

World Prices Govern

The great staples, wheat, cotton, corn, hogs, tobacco, providing nearly half of the farmers' cash income and grown by a large part of our 6 million farmers, cannot benefit by tariffs on imports. Imports are unimportant. We produce more than we consume and the price is the world price.

Sugar is the only import of real magnitude. The American people annually consumes about its own weight in sugar. We cannot produce enough of it to meet our needs at any price we can afford to pay. The million tons we produce out of the six or seven we consume is grown by a relatively small group of about 100,000 farmers who may benefit. Millions of other farmers who produce things sold to sugar producing countries, must lose. Cuba, for example,



Pacific & Atlantic

BELGIUM BEGINS TO DIG

King Albert (in uniform, extreme left) watches the start of construction work on the great canal between Liege and Antwerp, Belgium's biggest undertaking

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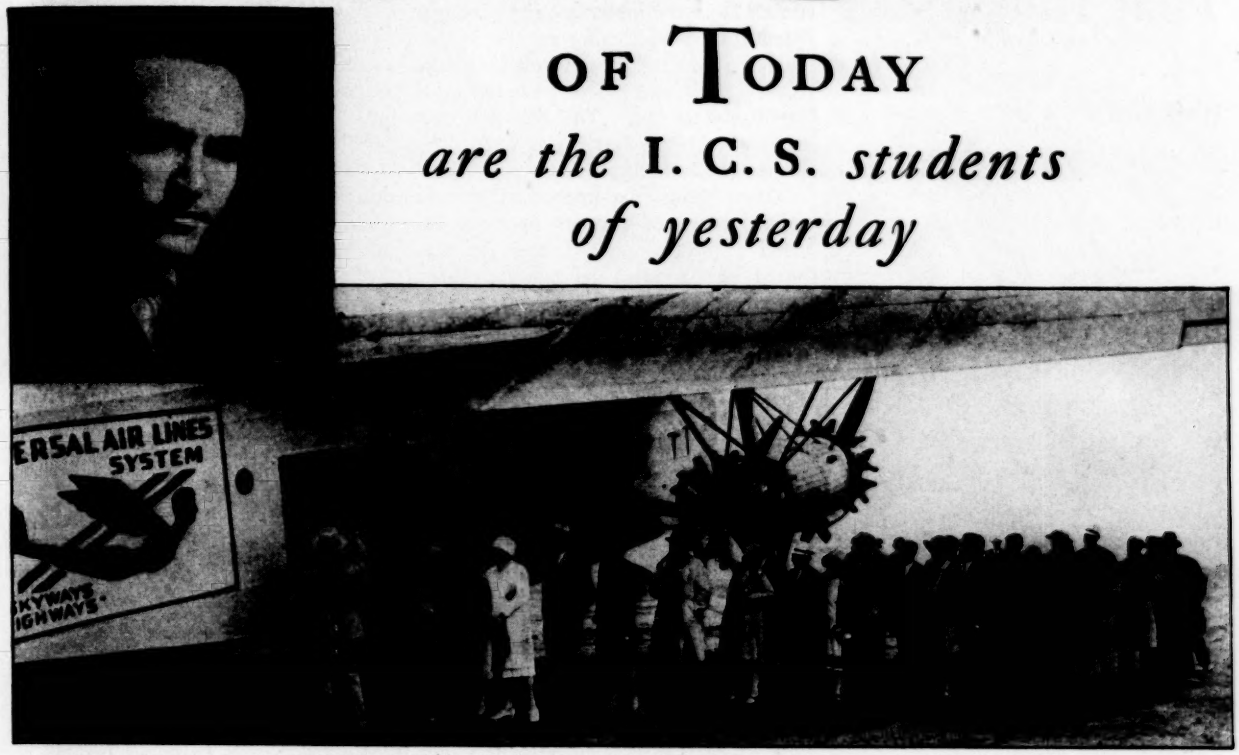

COL. EDWARD V. RICKENBACKER, *and a giant Fokker 30-passenger air-liner*

EVERY ONE has heard of "Eddie" Rickenbacker. Most of us think of him as a daredevil driver, a cool, skilful pilot, and a famous air-fighter. But how many realize that he is also an engineer of genius, and an executive of rare ability?

Today Colonel Rickenbacker is Vice-president Director of Sales for Fokker Aircraft Corporation in America; President of the Indianapolis Motor Speedway Corporation, and Chairman of the Contest Board of the American Automobile Association.

Eddie Rickenbacker was born in Columbus, Ohio, in 1890. He grew up in the street and on the lots. He led his own gang. He was all boy. But when he was 12 his father died and suddenly he had to be a man. He got himself a job in a glass-works, at $4.80 a week.

At 16 Eddie Rickenbacker had worked in many places, including a brewery, a shoe factory and a railway machine shop. Then came the turn of fate that shaped his life. He got a job with a man who repaired cars and bicycles.

The "fleet" of cars on which young Eddie got his first experience comprised a one-cylinder Oldsmobile, a Waverly electric and a Locomobile "steamer." He ran them and tinkered with them. But he wanted to know more about their inside workings than any one in the shop could tell him. That was when he enrolled for the Automobile Course with the International Correspondence Schools.

For two years he did a double shift — all day on the repair work and half the night at his lessons. When he felt he had mastered enough theory, he moved to a new job in a car factory. His dogged persistence and his real knowledge of automobiles won him promotion to the engineering department. At 18 he bore the title of "experimental engineer."

When he was 21 the lure of the racing game caught him, and for the next five years he made his reputation as a driver.

When the United States entered the World War, he was in the first contingent of the A. E. F. to cross. In seven months of flying he made history, bringing down a total of 26 hostile planes.

Captain Eddie Rickenbacker came home a national hero, but it did not spoil him. Following the war he was chosen to head a motor company that bore his name. Later he became Vice-president in charge of sales for the Cadillac-LaSalle division of General Motors. And when that organization bought a dominating interest in Fokker Aircraft Corporation, and needed an executive to "take the controls" in developing America's already quickened air-sense, Colonel Rickenbacker was selected.

Because of natural gifts, reinforced by the habit of study developed in his I. C. S. days, this boy whose start was so beset with difficulty has become a man outstanding in any field he enters.

Such a career is a ringing challenge to every ambitious young man in America. No matter what a man's previous education may be, no matter what his aims or his financial standing, the International Correspondence Schools can give him the training he needs to achieve success. Tonight, in thousands of homes, young men will be at work on their I. C. S. lessons under the study lamp. *They are the business leaders of the future.*

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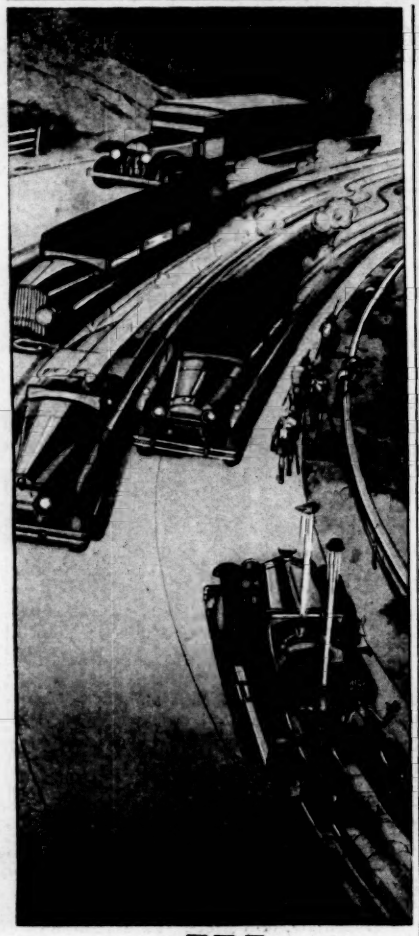

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can't buy our hams unless she can pay for them with sugar.

Even sugar producing farmers cannot long enjoy the benefits of the tariff unless it is continuously raised. Sugar production is increasing rapidly in outside regions where it can be raised more economically and prices plus the tariff are likely to fall. The day this new tariff went into effect prices fell to the lowest level on record.

Other things we import affect only small groups of farmers or those located in special regions near the seaboard or Canadian boundary. Tariff benefits are local. Long-staple cotton, olive oil, figs, dates, nuts, lemons, winter vegetables, fruits are examples.

The Dairy Problem

The farm tariff makers expect the greatest benefits from higher tariffs on 4 commodities—dairy products, eggs, wool, and flax. These provide over 20% of the farmers' cash income. Dairy products are the most important, but production is increasing so fast that in some of them we are, or soon will be, on an export basis and the tariff benefits are being steadily reduced. The butter tariff of 1929 was about 50% effective. By virtue of it the 5 million farmers who keep cows got about $90 millions more, or only $18 per farmer in 1929. The benefits were greater in 1928. They will be less in 1930. Domestic prices of butter are now practically the same as the world price.

70 Cents More Income

Increased milk duties will probably benefit dairymen generally, but chiefly in New England, and the increased income per farmer will be small. Poultry men will benefit by increased duties on eggs, but assuming that all foreign imports of Chinese and other egg products are shut out, the 5½ million farmers feeding chickens as a sideline will benefit, on the average, only about 70 cents annually per farm. Wool producers will probably benefit by the full amount of the duty, but only 7% of farmers keep sheep and the benefits will go chiefly to a few large ranchers. Flax farmers will probably gain about $70 or $80 per farm, but there are only about 100,000 flaxseed growers, less than 2% of the American farmers.

These are the chief agricultural products on which the tariff can be very effective, and it is plain that the benefits to American agriculture as a whole must be small.

Moreover, they can only be temporary. Agriculture has the greatest excess capacity of any industry in this country. There is plenty of idle land, too much now in cultivation, too many farmers. New machines every year make possible almost indefinite expansion of production in any line of farming. Every price increase by tariff stimulates such expansion, brings down prices again.

Foreign Policies

As in the case of manufacturing industries, the temporary tariff benefits to special classes of producers have to be offset by the losses to the exporting producers. These losses are more serious for agriculture than for industry. The great export agricultural products are being produced in other parts of the world in increasing quantity and at lower costs. Foreign importing countries are stimulating home production by heavier tariffs on imports and by subsidies. What they do buy from outside they will have to buy increasingly from countries to which they can sell their own products. The less they can sell to us the less they can buy from us. Agriculture is our weakest export industry and will suffer first and most.

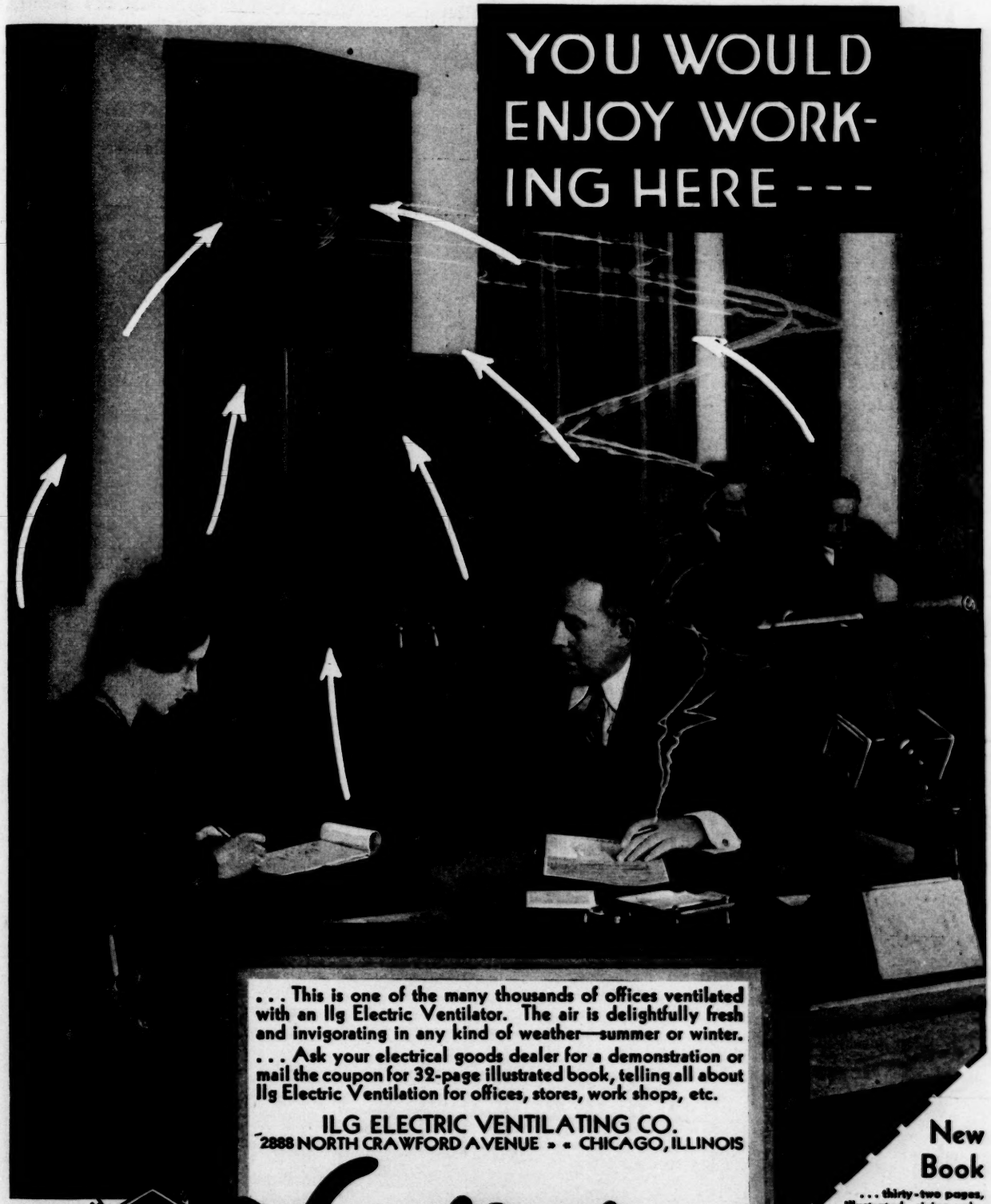
Finally, against the benefits to a part of our farmers from higher tariffs must be set the loss to all of them from higher prices they must pay because of increases in tariff on manufactured goods which they buy. This cannot be estimated accurately, but no one doubts that the loss is there.

A poor popgun, this farmers' tariff, and with a nasty back kick.

New York Organizes A Business Council

As a result of the studies of the Committee of Twenty-Five authorized by the New York State-Wide Economic Congress held last fall, the New York State Economic Council has been formed. Similar in purpose to the New England Council and to the recently organized Southeastern Regional Council, the newly formed organization will take an active interest in legislative activities, investigate taxes, public expenditures, and other factors which influence industrial development in the state.

The group was called together when the Empire State suddenly awoke to the fact that its industrial importance was declining, despite its obvious assets—short haul, water or rail, to concentrated markets, an ample labor supply, and so on. Reports searchingly analyzing the situation already have been presented. Permanent organization was decided upon as essential.



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Oil's Biggest Competitors Join Hands for Research

THE annual report of The Royal Dutch Co., Sir Henri Deterding's petroleum colossus, discloses that it has joined hands with Standard Oil Co. of New Jersey and I. G. Farbenindustrie of Germany in the Standard I. G. Co., formed to develop and exploit the hydrogenation process for the manufacture of refined oils from crude petroleum, liquefied coal, shale oil, and coal tars. While this process has been of considerable importance in Europe, particularly in Germany, because of high cost of gasoline there, its use as a source of gasoline has not been considered particularly desirable in this country.

Standard's New Plant

Standard Oil of N. J. has a hydrogenation plant now under construction, to be finished in August and to have a daily capacity of 5,000 barrels. It is an open secret, however, that its output will be lubricating oils instead of gasoline. With the slow passing out of Pennsylvania crudes, refiners have experienced great difficulty in obtaining satisfactory lubricating oils from the asphaltic crudes available. Standard expects to treat almost any type of crude by its new process and obtain oils with lubricating properties just as good as those obtainable from the best Pennsylvania crudes.

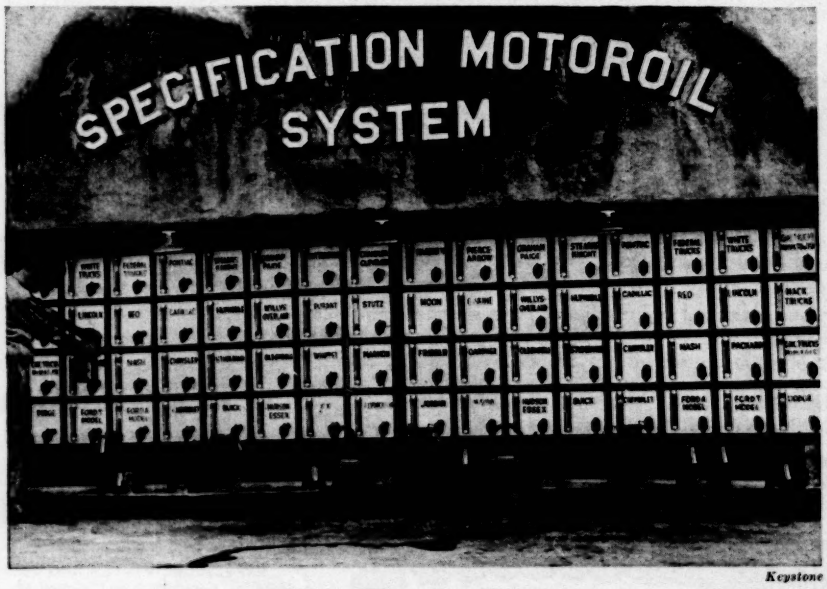
The exact significance of the entrance of Royal Dutch interests into the hydrogenation field is uncertain. Ostensibly the move is to combine all research work of the three participating companies and to permit interchange of present experience and patents. The move is certain to strengthen considerably the very exclusive Patent Club (*The Business Week*, April 9).

Pan-American Expands

Another development of unusual interest is the reported purchase by Pan-American Petroleum & Transport Co. of Tide Water Oil Export Corp., wholly owned subsidiary of Tide Water Oil Co. The Export Corporation's business is confined chiefly to South America, particularly to Brazil and Argentina, where it has important gasoline and motor oil distribution facilities. Pan-American has extensive refining activities in South America, has been interested in the fuel oil market there, but heretofore has relinquished the refined oil markets to Standard Oil of New Jersey and the Royal Dutch Shell interests.

Pan-American has a new refinery, completed last fall, in Dutch West Indies, just off the coast of Venezuela, whence it gets crude oil from its Lake Maracaibo properties. Gasoline consumption in South America is increasing rapidly and Pan-American evidently believes it is high time it gets into the game. Although virtually a subsidiary of Standard Oil of Indiana, Pan-American has been engaged chiefly in expanding its foreign markets. It has an asphalt refinery in Germany but only as a source of fuel oil has it played an important part in European markets. Further expansion of its activities in that direction is confidently expected.

Incidentally, the Royal Dutch report referred to before also indicated that a satisfactory working agreement had been reached for production control from wells around Lake Maracaibo. Three principal groups in the agreement are Royal Dutch, Gulf Oil Corp., and Lago Petroleum & Transport Corp. —a Pan-American subsidiary. The agreement, made last November, provided for a rational apportionment of production from the region and it is believed that all companies are still producing only their allowable quantities.



Keystone

WHAT WILL YOU HAVE?

Nowadays, money is made at the pump, not at the well. This new station at Memphis, one of a group in the South, is an example of the attention focussed on retailing. Fifty different kinds of oil, prepared according to motor manufacturers' specifications, are on sale

Smelting & Refining Co. Doubles Its Pensions

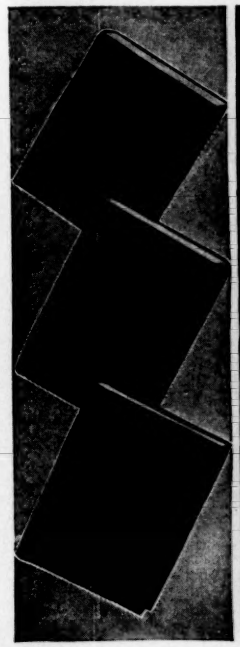
REVISION of its employee pension plan by the American Smelting & Refining Co., permitting employees to contribute 3% of their annual earnings to the pension fund, doubles the amount of pension they will receive. At the same time, the pension fund was transferred from a reserve to a trust fund.

Employees may retire after 20 years' service at age 65, or—at company's discretion—at 60 for men and 55 for women. The pension received will be equivalent to 1% of salary as of May 1, 1930, multiplied by the number of years' service plus 1% of total salary received from May 1, 1930 to retirement date. For non-contributing employees, maximum pension will be $3,000 per year, minimum $300. Employee contributions will be invested in annuities and will be returned to employees leaving the company before retirement.

Simon Guggenheim, president of the company, states that the present pension reserve totals $5,760,000. Up to Dec. 1, 1929 a total of 839 pensions had been granted; 466 are still outstanding, and call for distribution of about $17,500 per month.

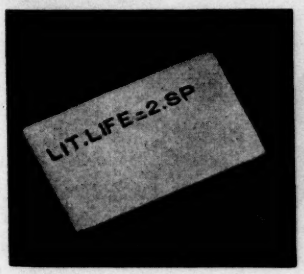
"I sometimes wonder at the optimism of some concerns. They send out business literature that is so cheap and worthless-looking I wonder at their processes of reasoning, when it should be apparent it could not command a hearing, let alone to be retained. Because of the extensive use of business literature the necessity for outstanding material should be evident."

Vice-President
Celotex Co.



AGAIN Conkey Service is Bettered . . . Conkey Engineers improve the latest type gathering machine!

The effectiveness of the production engineering scheme which forms the basis of Conkey quality and craftsmanship in the mass production of hard bound books and catalogs is well exemplified in this recent achievement of the Conkey Engineers . . . The illustration above shows one of the very latest type, 40-pocket gathering machines. As gathered books are delivered by this machine it was formerly necessary to mark them by hand so they could be identified through the balance of the operations . . . Through the ingenuity of Conkey Engineers, the marking device shown in the circle was designed. This device automatically marks all gathered books in the manner shown below. It is synchronized with the operation of the machine so as to automatically adjust itself to any size book . . . The result is a quicker, cleaner, better job of marking with consequent better service to you, the customer . . . In every detail of manufacture, everywhere evident in this highly efficient plant, you will find examples such as this which indicate the soundness of the Conkey practice of craftsmanship in the mass production of hard bound books and catalogs . . . A practice which warrants the careful investigation of any business executives . . . Any Conkey representative will be pleased to explain it.



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The Bank that Practiced the THRIFT it Preached

A MOVIE FOR BANK EXECUTIVES AND

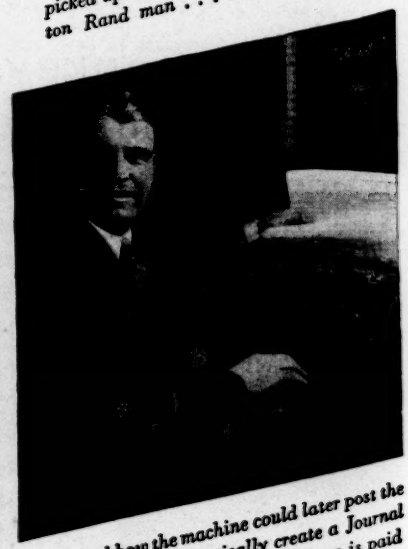
1. *One morning the bank's President picked up a bulletin the bank was sending out to depositors . . . on "thrift." When he had read it he buzzed for his secretary.*

2. *"To bank officers, Miss Smith" . . . "I've been reading our 'thrift' bulletin . . . Do we practice all we preach? . . . I want each of you to make a suggestion . . . etc."*

3. *When the Comptroller got the President's note he thought it over for a few minutes . . . picked up his phone . . . asked for a Remington Rand man . . . invited him to call.*

7. *So next day the Remington Rand man returned with a Remington Accounting Machine, especially designed for loan and discount work, and with a sheaf of printed forms.*

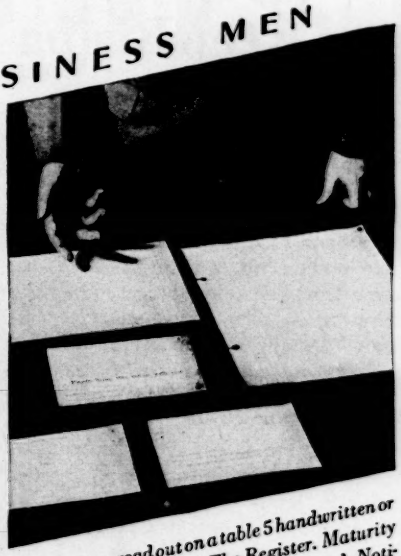
8. *He showed how the machine could, in one operation, make out the Register, Maturity Tickler, Customer's Advice, Notice of Due Date, and media to charge Liability Ledger.*



9. *. . . And how the machine could later post the Ledger and automatically create a Journal (as proof of accuracy). When loan is paid it automatically creates a Credit Journal.*

ALL OTHER BUSINESS MEN

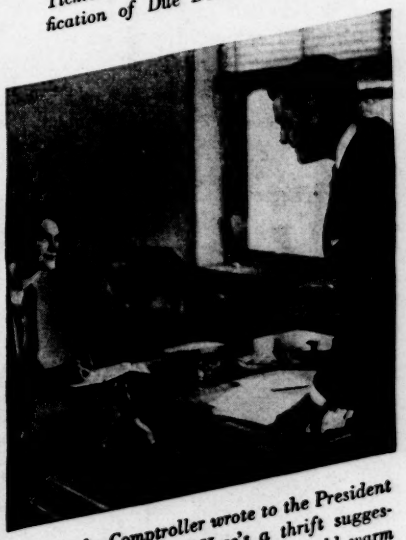
4. "See here," he said to the Remington Rand man that afternoon. "I have a hunch. Let's take a look at the records we keep in our loan and discount department."



5. So they spread out on a table 5 handwritten or typewritten records. The Register. Maturity Tickler. Customer's Advice. Customer's Notification of Due Date. Liability Ledger.

6. "You're right," said the Remington Rand man. "Too many separate operations. We can combine them all in two machine operations with far greater proof of accuracy."

10. Two machine operations to replace 5 hand-and-mental-arithmetic processes . . . Many hours saved . . . And automatic mechanical proof of the correctness of all entries.



11. So the Comptroller wrote to the President that afternoon: "Here's a thrift suggestion with a thrill in it that would warm the heart of a kilted Scotchman."

12. And the President not only ordered the machine but gave the Remington Rand man the "freedom of the bank" to make suggestions for Rem-Randizing every department.

MORAL:

You no longer have to *re-make your business* to fit an accounting machine. You can now get a machine precisely *fitted to your business!* Remington Rand offers you 72 types. Phone for a Remington Rand man. He will tell you *impartially* what machines, if any, will cut your office costs and give you better figure *control.* Remington Rand Business Service Inc., Buffalo, N. Y. Sales offices in all principal cities.

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Cold Storage Space Idle Now, But New Warehouses Keep Rising

Railroads, Ambitious Towns, Promoters Blamed For Overbuilding in a Worried Industry

AN acute situation, now existing in the cold storage warehouse industry, is steadily becoming worse. Ever since the big expansion of wartime, more cold storage space than is needed has been available. To make matters worse, when prohibition went into effect, breweries, having refrigerating machinery and nothing to do with it, went into the cold storage business on a large scale. During the six-year period, 1922-27, cold storage holdings averaged only 33.6% of total net available space.

Since 1927, though most of the breweries have passed out of the picture, new warehouses have come more rapidly than new business. Experienced warehousemen are frankly worried. Many have succumbed to the human temptation to give more attention to their troubles than their opportunities. The proportion of warehouses in financial difficulty is too large for comfort. Many others are making no money.

10% Increase In Sight

Latest figures, not so recent, put total public warehouse cold storage space, exclusive of packers' and other semi-public space, at 275 million cubic feet. New projects now under way or seriously contemplated will increase this amount at least 10%. Warehouses under construction: San Antonio, Miami, Fargo, Pittsburgh, Atlanta, several in the Pacific Northwest. Others under serious consideration: Brooklyn, Kansas City, Milwaukee, Nashville, Chattanooga, San Francisco, Tacoma, Fond du Lac in Wisconsin, Ludington and Benton Harbor in Michigan. Various favorably located houses are expanding their space.

For the new projects railroads and chambers of commerce are largely responsible, with some assistance from professional promoters. Railroads are under great pressure to increase speed and efficiency of distribution, especially of perishable food. Their operations are handicapped by a widely prevailing practice of keeping refrigerator cars on sidings for days as temporary cold storage warehouses. They see in terminals, with modern cold storage facilities, an effective way to speed up operations, attract and hold large volumes of profitable traffic, and increase revenue. Income from the cold storage end of the business, as such, is of secondary interest. Usually a subsidiary or affiliated company operates the warehouse.

Big Railroad Units

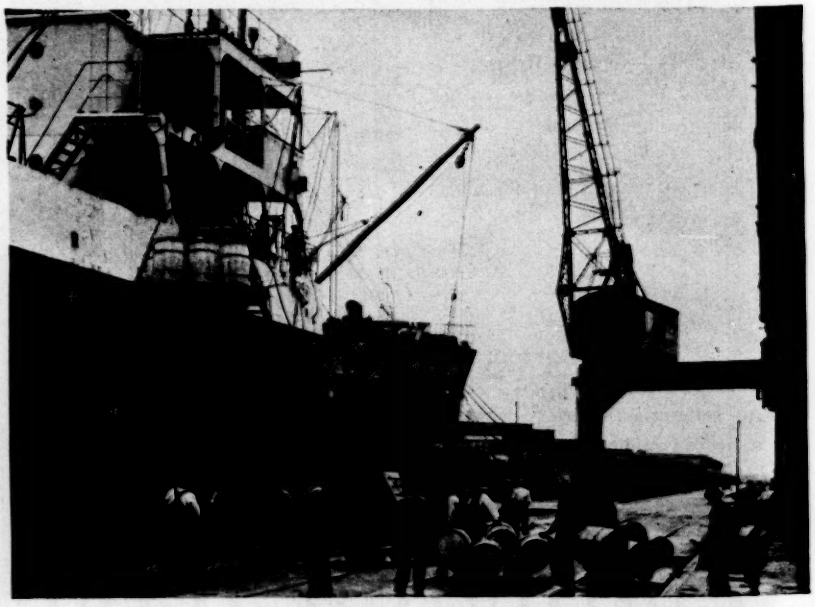
Among the largest railroad terminal warehouses now in operation are the Erie's in Jersey City, Pennsylvania's in Philadelphia. Pennsylvania also has a large one now coming along in Jersey City, Erie and Nickel Plate one in Buffalo. Texas & Pacific, as part of its new $7,000,000 terminal in Fort Worth, has just started work on a 650,000-cubic-foot warehouse, much the largest in that city. Produce Terminal Cold Storage Co., Chicago, opened a little over a year ago, while definitely on its own, works closely with Chicago & Northwestern. There are others, more or less closely hooked up with railroads.

Such competition as this is bound to be a serious matter to existing public cold storage warehouses, especially those with locations that necessitate considerable expensive trucking through increasingly congested streets. One of the major hazards of the business is that locations often become obsolete before the houses or their machinery do. Market centers move; terminals are shifted farther out. When the old South Water Street produce market in Chicago moved two miles southwest five years ago to make room for Wacker Drive, it was inevitable that much cold storage business went along with it. Houses that had been handling this business could not move. Statistics showed that Chicago had an excess of cold storage space. But no amount of such statistics could prevent the building of new—and incidentally more modern—houses at the new produce terminal market.

Warehousemen state that much wasteful duplication of facilities could be avoided if railroad men were more disposed to sit down and talk things over with proprietors of existing plants before launching new ones or promoting companies to do so. If space at new points is really needed, those already in the business should be given first chance to provide it, they contend.

The Farmer Concerned

The difficulties of the cold storage warehouse business concern not only warehousemen and investors in their companies but farmer, dealer, and consumer as well. Were it not for the cold storage warehouse, prices of perishable foods would be so low in spring and



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When it's apple blossom time in Argentina, it's harvest time here, so Virginia ships apples south. When it's winter here, they ship apples to us

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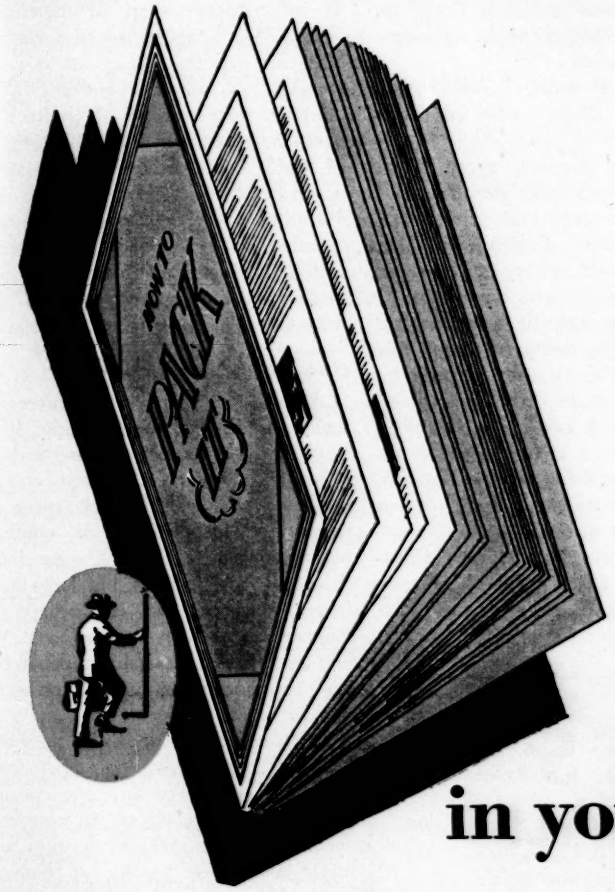

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KEYMEN

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summer that farmers could ill afford to grow them, so high in fall and winter that few could afford to buy them. The cold storage warehouse, which absorbs the surplus of production, and feeds it out for consumption as needed month after month, is the great stabilizer of perishable foods prices and markets.

They Are Bankers

In the course of performing this function cold storage warehouses do a sizeable banking business. Lending millions on commodities in storage, they are in fact the banks of the produce industry. They often assume risks that regular banks do not care to take. Their names on the paper make it bankable. How substantial this banking business is, is indicated by figures for a single Chicago concern: investment in plant, $2,300,000; loans to customers at peak of season, $5,000,000. Loans are a competitive tool used in getting cold storage warehouse business.

Whether this is good business practice is open to serious question. But whether or not, the fact remains that the cold storage warehouse industry as a matter of course supplies agriculture more credit each year than the Farm Board has to date. Unless it continues to do so, someone else must do the job or commodities must be dumped on the market. As things now stand, cold storage warehouse credit is being impaired by prolonged profitless operation of many units.

At least three sources from which added income might come are being studied:

First of all, there is much added business in commodities now handled. There is much waste that cold storage would eliminate. Commission men often hold cars of celery, cabbage, carrots and other vegetables on sidings for a week or two, only to lose much of their value by so doing. Prompt cold storage in such cases, even if only for short periods, would decrease spoilage, save money, and get products to retailers and consumers in better shape. If railroads were authorized, as has been proposed, to transfer contents of refrigerator cars into cold storage warehouses, after 48 or 72 hours, short-term storage business would increase substantially.

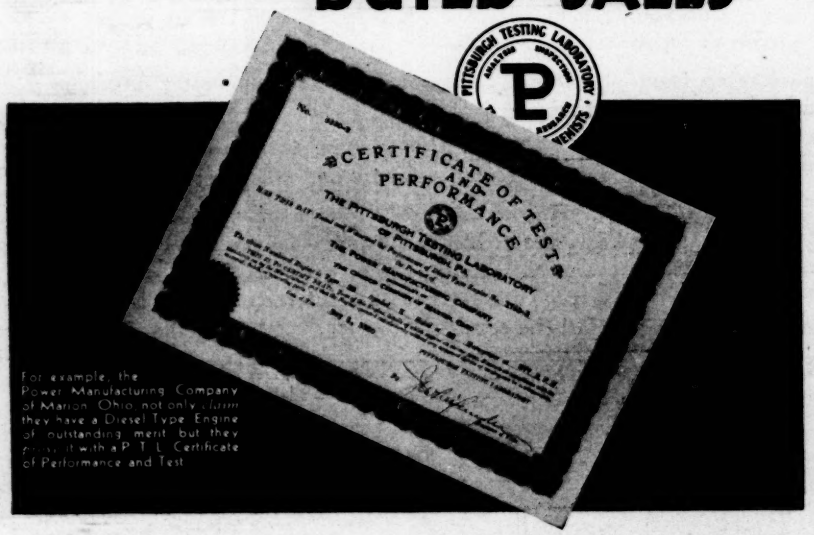
A second major source of revenue is food products now kept in merchandise warehouses, not in cold storage. As a matter of fact, all food is perishable. A farsighted warehouseman asserts flatly that any food is better preserved in cold storage than in merchandise space. Low temperatures and regulated humidity prevent drying out as well as spoilage. While it might not be economical, cold storage of grain would have its advantages. The Kellogg Co., of Battle Creek, carries large quantities of rice in cold storage right now. Macaroni, not so far removed from grain, is being looked to as a source of added business. Through the years there has been a steady shift of food from merchandise to cold storage space.

Quick-Freezing a Hope

A third source of new business, the real dark-horse in the situation, is that lusty infant, the quick-freezing industry. Fresh fruits, vegetables, meat, and fish are involved. As yet quick-frozen tonnages are insignificant as compared with the great staple items: eggs, butter, cheese, poultry, apples, but large quick-frozen tonnages may be nearer than most warehousemen now believe. They will be a highly desirable type of business, commodities to be held for months instead of for weeks.

Distribution appears to be the bottleneck of the developing quick-frozen foods industry. For any one company to provide all refrigerating equipment needed for national distribution of a single commodity would run costs too high. What is needed is a system through which any frozen commodity can flow from manufacturer to consumer for a reasonable service fee. The cold storage warehouse industry is strategically situated to provide this.

Certified FACTS BUILD SALES



For example, the Power Manufacturing Company of Marion, Ohio, not only claim they have a Diesel Type Engine of outstanding merit but they prove it with a P. T. L. Certificate of Performance and Test

THE most convincing proof of the merit of your product which you can offer your prospective customers is a P. T. L. Certificate of Test and Performance. Progressive manufacturers are today having their products tested and inspected by this national organization to establish impartially the quality or performance characteristics of their particular product.

Write for our brochure describing this service in detail.

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Natural Gas Now Serves 90% of California Users

NATURAL gas now comprises 90% of all gas used by the 2,000,000 consumers in California.

All San Francisco, East Bay, and San Jose will have straight natural gas by July 1, getting a gas of 1,150 B.t.u. as compared with 550 B.t.u. in the manufactured gas previously used.

Gas comes to the San Francisco Bay area by two new pipe lines of 20 to 26 in. diameter. Extension is contemplated to serve Stockton, Sacramento, Marysville, Willows, Chico, Vallejo, Petaluma, Calistoga, and Healdsburg. Investment is estimated at $30 millions, and total ultimate capacity at approximately 300 million cu. ft. per day.

The Great Atlantic & Pacific Sees Its Name Come True

A Merchandising Idea Made the A. & P. "Great"; Now Its 15,000 Stores Reach from Coast to Coast

SEVENTY years after it opened its first store on Vesey Street, New York City, the Great Atlantic & Pacific Tea Company has literalized its sounding title. This year a dozen A. & P. stores have been opened in and around Los Angeles, the vanguard of a carefully planned expansion on the Coast. At last the company's domain, served by 15,000 retail outlets, reaches all the way from the great Atlantic to the Pacific.

Housewives of old New York, seeking relief from high Civil War prices, were drawn to a small store in the lower section of the city. The front was spectacular even in those flamboyant days. Of a flaming red complexion, it bore a sign that was anything but modest. It was the ancestor of the modern "A. & P. store."

So irresistible was the seed idea in this first store opened in 1859 that intelligent development has raised the company almost to the magnitude of an industry. It was the first of the grocery chains. Today it not only is the biggest of the chains but the world's largest retailing machine. The captains of this great company are sons of its founder. John A. Hartford is president, George Hartford, treasurer. They are quiet, hard-working, business men with a horror of personal publicity.

Profits Plowed Back

Their sire was George Huntington Hartford. He was a Yankee of the meditative Maine breed. Coming to New York with an idea as his principal asset, he lived to see that idea revolutionize merchandising. Mr. Hartford died some years ago, leaving his sons to realize his dream of a coast-to-coast grocery chain. Not until the company was well started did Mr. Hartford pocket any profits from his business. Proceeds were plowed directly back and used to open new stores. At first only teas, coffees, and spices were sold. Pressure of customers finally forced the addition of complete grocery lines.

The original Hartford saw the giant grow to full stature. Greatest expansion has been in the last 30 years, during which period sales have multiplied a hundred times. Statistics of the company have attained astronomical proportions. Sales for the year ending February 28, last, were $1,053,692,882—an all-time record for retail merchandising. Net profit was about 2½ cents per dollar of sales. Here is one reason why the eldest of the chains is still the most virile. Its ideal is large volume and small profit.

A Billion Eggs Yearly

Groceries sold by these stores bulk huge in the national total. Last year A. & P. sold one seventh of all the tea drunk in the U. S.—over 14,000,000 pounds. Its customers took 160,000,000 pounds of coffee, over an eighth of the country's consumption. It sold 24,000,000 cans of salmon, or 10% of all marketed. Seven-and-a-half million hens work exclusively for A. & P., producing a billion eggs annually. Five million barrels of flour are kneaded for the annual sale of bread and other bakery products. And five million housewives shop daily at the 15,000 stores.

For all its spectacular performances, the company takes its character from the reigning Hartfords. Its financial activities are modest and seemly. A. & P. stock is no brazen and beckoning hussy of the tumultuous marts. The gay boys of the exchanges take it for no wild rides or playful romps. Reason—the stock isn't there to play with. It is closely, passionately, held by the Hartford family and by employees of the company. The familiar initials are not listed on the Big Board. Occasionally dabs of it float to the surface to be marketed on the Curb.

If the present management has its way, the stock will never be seduced or exploited by Wall Street. On the other hand, it is not of the type that lends itself to stampedes or hysterical rumors. Two-and-a-half cents profit per dollar is not Wall Street's idea of something to capitalize. Instead of striving to increase that ratio, the management repeats at every excuse a determination to reduce its percentage of net profit.

By what means has this, the oldest of the chains, lengthened its astonishing lead over all competitors?

Uses All Short-Cuts

First, it sells for cash at the lowest price possible. It buys direct from original producers and makes every known short-cut in distribution. It accomplishes these things through a personnel of 50,000 workers who are as closely knit and jealously communistic as an ant colony.

For its own purposes the A. & P. has solved the ancient puzzle of distribution. Instead of a tortuous mechanism complicated by middlemen and

Business Week—International

WHAT, NO RED FRONT?

When A. & P. moves into exclusive residential neighborhoods, it leaves its red paint at home. This newest "food market" in Rye, New York, is a far cry from the old tea store on Vesey St., with its kerosene lamps. In the window displays, the emphasis has shifted from staples to luxuries

commission-takers, A. & P. groceries travel in the straightest line from the person who grows them to the person who eats them. By buying in mountainous quantities and paying cash, every purchase is shaved to the fraction of a penny. A. & P. buyers cover the earth. When coffee prices crashed last December an A. & P. representative "scooped" the world and "scooped" the market. Within 24 hours the retail price of coffee in all stores had been reduced to agree with the drop in Brazil. (It is a fixed policy to cut retail prices as fast as wholesale commodity quotations decline.)

Oranges for A. & P. are bought by the trainload direct from cooperative producers. So with other fruits. A middleman is poison to the organization. In addition to a huge system of warehouses it operates dozens of factories and production plants. There are tomato canneries in Delaware, milk plants in the heart of Wisconsin's dairy farms, preserving and canning plants in northern New York, poultry and creamery plants in many other districts.

Of the 24,000,000 cans of salmon sold last year, half came from the 5 Alaskan plants owned by the company. One is at Bristol Bay on the Bering Sea, on the rim of the Arctic Circle. At the other end of the arc are the two Brooklyn factories which prepare and pack such items as extracts, tea, olives, macaroni, spices, cocoa, peanut butter, baking powder, mustard, etc.

Cutting Freight Bills

A scientific traffic department makes every possible short-cut in goods movement. (Last year's freight and express bill was $26,000,000.) Its feats are all the more difficult because of the perishable nature of many items, calling not alone for swift transit but inexorable rules of icing, ventilation, or heating. Formerly coffee arriving green from producing countries was shipped by rail to the various roasting plants, thence re-shipped to the warehouses for distribution to different stores. Here were two separate rail charges. The railroads were induced to quote a through rate on the coffee, with a stopover privilege at the roasting plant. Thousands were saved by this device. Carload rates are cheaper than less-than-carload rates; A. & P. goods travel in tightly packed cars.

The discoverer of an economy is exalted above his fellows in the A. & P. Some genius questioned the heavy expense of hauling broken crates and garbage from the warehouses. The result is a system by which all such refuse is burned to supply heat for the hot water boilers.

Business Week—International

SUBURBAN STORES MUST LOOK THE PART

The interior of the new store at Rye, with polished maple counters, benches and chairs, looks more like an exclusive metropolitan grocer's shop than the traditional Atlantic & Pacific. Only the metal ceiling is the same

The success of A. & P. is a powerful argument against rigid central control. Hartford, père, foresaw that one day the chain would stretch so far that no one central organization could effectively handle its ramifications. Therefore the organization was divided into districts, each with headquarters in a strategic city. These satrapies have their own presidents. There are 6 such districts. Headquarters cities are New York, Boston, Philadelphia, Detroit, Pittsburgh, Chicago; general headquarters, New York. Formerly the most westerly stores were in Omaha, an appendage of the Chicago district. The new California stores will be managed from there until growth makes necessary a Pacific Coast district.

District Autonomy

Within the confines of his own boundaries, each district president is a law unto himself. He is allowed complete autonomy except for the larger policies and established practices of the company. He buys within his district if he can do so at a better price. If he feels like trying out new display methods or putting in a soda fountain —as the Philadelphia president did in one of his stores—he goes ahead and does it. Experiments that pan out may be adopted by the rest of the chain or they may not. This set-up accomplishes what the founder saw would be necessary—an alert and independent executive in each district, totally familiar with the habits of its buying public.

Here Is Real Cohesion

Back of the successful working of these district headquarters is a successful development of managerial genius. In visiting the A. & P. offices anywhere one is instantly struck with the clannish cohesion of the personnel. The turnover is so small that if the figures were known rival concerns probably would take on a pale pea-green of envy. In the first place, pay is above the rate customary for similar work. Then there is a universal system of promotion that promises everyone a future.

Officials rarely are taken from rival companies. Most of them have risen in the A. & P. organization. Many of the workers are of the second generation. Employees of every degree are encouraged to buy stock. With an interest in the earnings of the company it becomes a selfish duty to cut waste, develop improvements, increase the number of satisfied customers. Ownership is now largely in the hands of employees; over 7,000 of them own common stock, and over 12,000, first preferred shares.

MAKING "PAPER PROFITS" pay STATIONERY BILLS

Multigraph equipment takes plain paper and turns it into office forms at expenditures from 20 to 40 per cent less than when the same forms are obtained from other sources. "Paper profits," you might call them . . . but they are the sort of paper profits that you can put in the bank, or use to buy office supplies.

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To check your use of Multigraph equipment and discover whether you are taking ALL the discounts which it can give you on your operating expense, write for the new bulletin-guide "33 Ways."

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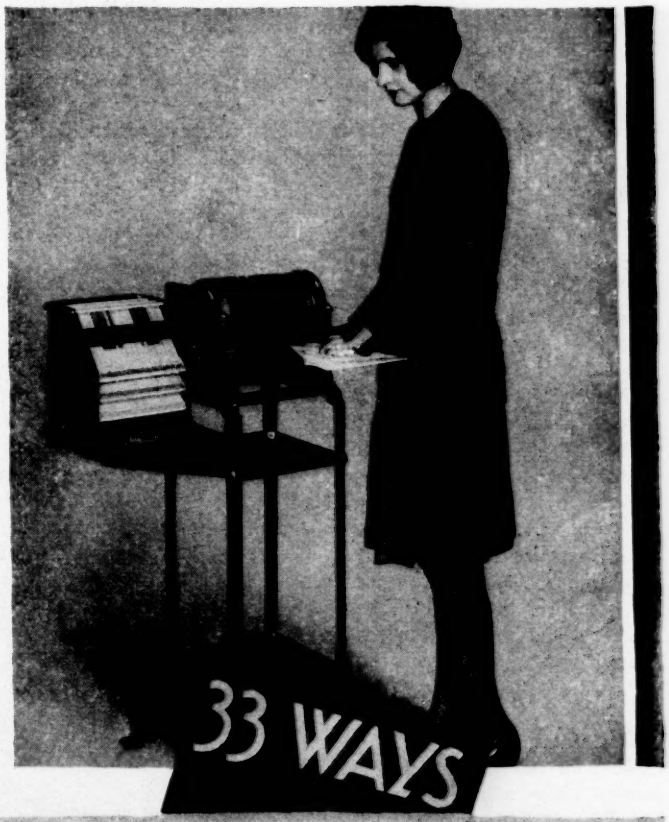
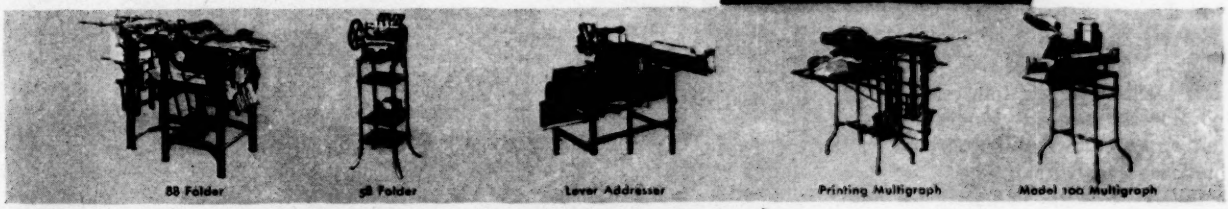
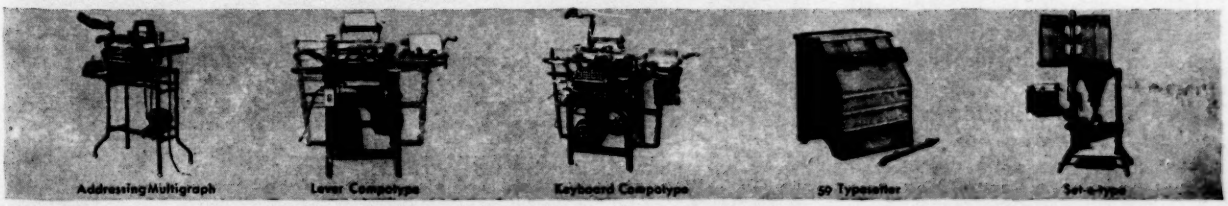




The MULTIGRAPH Line



Those Hundred Ford Families Probably Aren't Typical

They Spend More, Eat Less, and Have Less Total Income Than the Average

THE United States Bureau of Labor Statistics has just finished an exhaustive study of the living habits of that link between the old and the new business world—genus, Ford worker; habitat, Detroit. This has been done in order to lay a scientific basis for the propagation of the species all over the world in those cities where Mr. Ford has or will have his factories—Manchester, London, Cork, Paris, Marseilles, Berlin, Frankfort, Antwerp, Rotterdam, Helsingfors, Copenhagen, Stockholm, Trieste, Genoa, Barcelona, Warsaw, and Constantinople. Mr. Ford wants to find out how much it is necessary to pay his workers in these cities in order that they may live on the same high plane that his workers in Detroit enjoy. This requires finding out how much it costs workers in these cities to live in practically the same way as Detroit workers live—after due allowances for the differences in diet between Helsingfors, Constantinople, and Detroit, and after matching the enjoyments of a baseball game against those of the few hours which the German or French worker spends at a café or a symphony concert.

Hand-Picked Families

The International Labor Office at Geneva is carrying on the studies in foreign cities with funds supplied by Mr. Filene, of Boston, and in the face of obstacles supplied by European employers (*Business Week*, June 11). The Detroit investigation made by our government studied 100 hand-picked families. Each family consisted of a husband, wife, and two or three children. Husbands all work for Ford, receiving approximately his minimum of $7.00 a day, last year working an average of 250 days. Total income was $1,711.87. There was no other income, no children over 16 years, no boarders, lodgers, relatives, nobody being supported on the outside—happy families all.

These families spent for living during 1929 an average of $1,719.83. Taking the figures as they stand, this means an average deficit of $7.96 per year.

Aside from the testimony to the high skill of the housewife in balancing income and outgo so closely, there are several interesting points about this study. The cost of living is higher than that found in the study by the National Industrial Conference Board at the end of 1927, covering industrial workers with a wife and two children in 12 cities large, medium size, and small. The highest yearly cost found in this investigation was in New York, $1,659.84. These, however, were not such carefully selected families and probably many had one or more wage earners, working children, or boarders contributing to income.

Ready Spenders

These Detroit families, laboratory specimens for Mr. Ford's great experiment, probably spent more and earned less than the average industrial worker's family. In spite of the $7.00 minimum wage, it is curious that the average weekly earnings of the breadwinner in these families were almost exactly the same as the average weekly earnings of all workers in the automobile industry last year—some of whom probably had the advantage of other contributions to the family income.

The Detroit families' budget also shows interesting variations from the typical wage earner's family budget of yesteryear. Only 32.3% of the income was spent for food as against about 43% in the pre-war wage earners' budget. Clothing took about the same proportion, 12% to 13%, but housing required 22.6% of the budget as against about 17% in the old days. Fuel and light took the same part of a dollar, about 6%.

Buy More Fun

However, their purchases of items or sundries, which include furnishings and recreation and odds and ends, took nearly 27 cents out of each dollar as compared with 20 cents before the war. These Detroit families are evidently eating less, paying more rent, and having more—or at least buying more—fun.

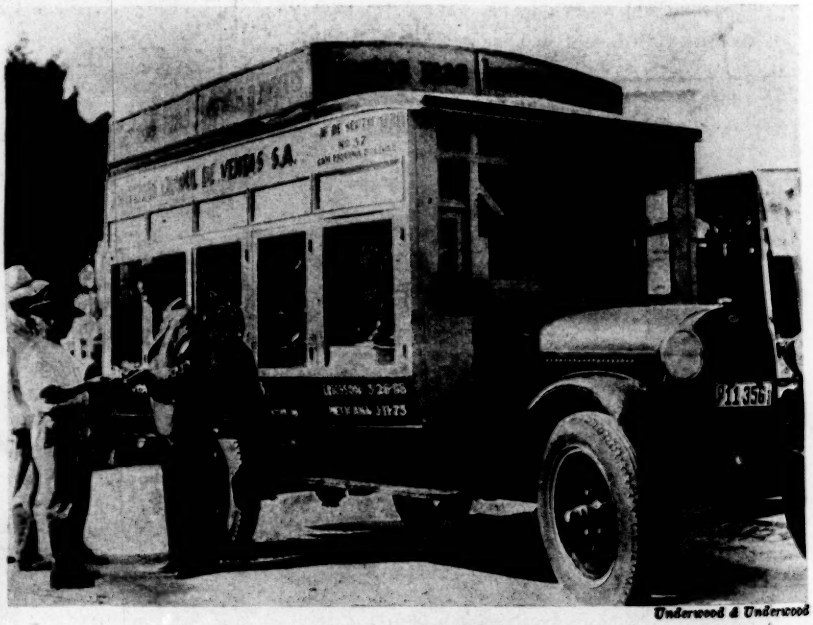
What can advertising sell the $7 a day Ford family?

An automobile—47 families had one. One family failed to meet payments, lost the car.

Furniture and furnishings, $88 worth annually.

Insurance—87 families carry an average of $2386.

Forty-nine have electric washing machines; 98 have electric irons; 6 have



Underwood & Underwood

SHOE STORE ON WHEELS

Shoe stores in Mexico are few and far between. This traveling shop works out of Mexico City. The signs claim "Shoes more cheap and better"

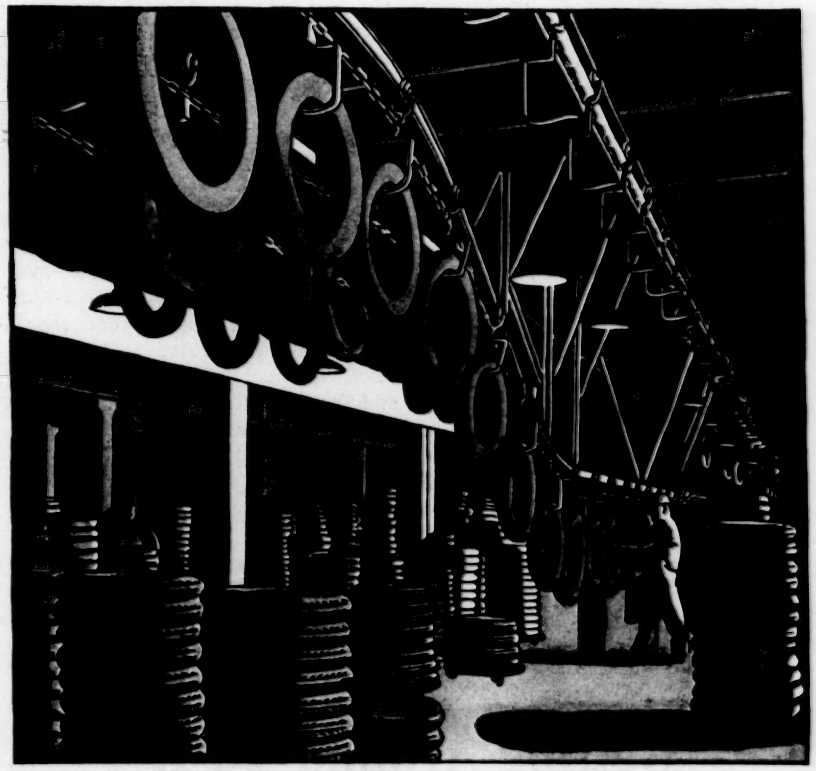
ON PARADE...

the products of a nation

CANNED goods and castings . . . radios and refrigerators . . . . auto parts and adding machines . . . these are but a few of the thousands of products that parade over Mathews Conveyer Systems in a thousand and one branches of industry.

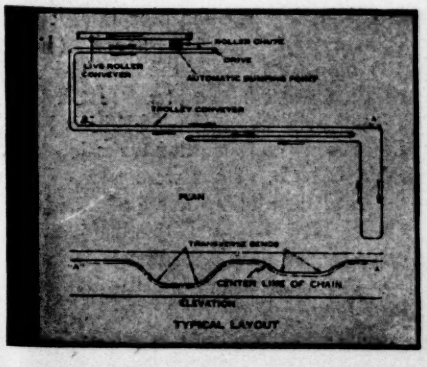
Instead of marching feet, this parade knows only the silence of spinning gravity rollers, or the equally quiet movement of belts, pallets and chain trolleys as they carry on through the various departments that stretch from the receiving room where raw materials come in, to the platform where finished goods are shipped. Instead of shouts from an excited throng, it arouses enthusiastic praise as executives view the savings made possible by this modern equipment.

Industry's preference for Mathews Conveyer Systems springs from two basic reasons . . . because only the finest, strongest materials are used in construction . . . . because every system is exactingly engineered to fit the particular job to which it is applied. *Strength to carry the load and ability to move it speedily, economically and safely*—that is the formula to which every Mathews Conveyer System is designed and built.



Fisk Air-Flight Tires being handled on a Mathews Chain Trolley Conveyer in the well-known plant at Chicopee Falls, Massachusetts.

If you would know the "famous names" that parade Mathews Conveyer Systems . . . if you would be interested in illustrations and descriptions of many installations that have returned their cost in proved economies . . . if you would delve into the technical side of conveying via blue-print and specification . . . just have your secretary write for a copy of the new Mathews catalog.



MATHEWS
CONVEYER SYSTEMS

Mathews Conveyer Company . . 160 Tenth Street . . Ellwood City, Pa.

Birmingham . . Boston . . Buffalo . . Charlotte . . Chicago . . Cleveland . . Dallas Denver . . Detroit . . Houston . . Los Angeles . . Milwaukee . . Minneapolis . . New Orleans . . New York . . Philadelphia . . Pittsburgh . . St. Louis . . Salt Lake City San Francisco . . Seattle . . Mathews Conveyer Company, Limited, Port Hope, Ontario

toasters; 4 have fans; 80 have sewing machines of which 5 are electric; 21 have vacuum cleaners; 45 have phonographs and 36 have radios. But only 5 have telephones. Only 36 of the 100 families use ice.

Fifty-nine were buying something on the instalment plan.

These hundred families will doubtless go down in history as typical American working class families, though they probably aren't.

The real problem of equalization will come when Mr. Ford tries to match them with the families of his Turkish, Finnish, Italian, French, German, Swedish, and Polish families. It will be harder to find them with only two or three children, or with children who don't work, or without lodgers. The investigators hope to get around the difficulties of balancing international diets by reducing everything to calories and vitamines, thus equating spaghetti with pork and beans.

But when it comes to amusements it will be harder, and the only way will probably be to add an arbitrary percentage to the budget to cover the wide international differences in the fun which Ford workers enjoy in different parts of the world.

General Electric Offers Unemployment Insurance

GENERAL ELECTRIC CO. has just offered an unemployment insurance plan for its employees which is available to any of the company's works upon affirmative vote of 60% of the eligible employees. The plan is contributory—the company and workers sharing cost equally. Employees contribute 1% of their earnings so long as they are making 50% or more of average full-time earnings. Payments to contributing employees temporarily laid off, will be 50% of their average full-time earnings; or, if they are working part time, the difference between actual earnings and 50% of average full-time wages. Maximum payment is $20 per week for not more than 10 weeks in any consecutive 52.

If payments from the fund should rise to 100% or more of normal receipts, all employees of the works, and the general and district commercial men, general manufacturing, engineering, and administrative employees will be required to contribute to the fund until the emergency is over. All employees of one year continuous service are eligible to participate.

The plan provides that 3% of the contributions paid into the fund will be available for relief of employees and former employees in need; up to 27% may be used for loans to participating employees; 70%, together with all emergency payments and interest on funds, will be available for unemployment relief. The fund will be administered by a trust giving equal representation to the company and participating employees. General Electric guarantees 5% interest on funds, will pay administrative expenses the first 2 years.

A Stabilization Guide

Coincident with announcement of the plan, Gerard Swope, G. E.'s president, made public a set of regulations given to various works managers for the stabilization of activities and prevention of involuntary unemployment. When business is increasing administrative officers are directed: to increase working force slowly, but to use overtime before doing so; to transfer employees between departments to care for temporary emergencies; to postpone maintenance work as much as possible.

When work begins to fall off plant managers are directed: to cease hiring; to cut out overtime; to transfer employees between departments; to build for stock; to expedite maintenance and renewal work; to cut normal work-week down to 50% if necessary; to drop new employees with less than one year of service—single persons with no dependents—first, when other means fail; always to give at least one week's notice and to notify employees whether layoffs are temporary or permanent.

We Mixed the Children

IN discussing gasoline pipe line developments *The Business Week*, (June 18) mixed up two of the Standard Oil children and credited Standard Oil Co. (Ohio) with ownership of Illinois Pipe Lines when it should have said The Ohio Oil Co. Both were affected by the 1911 dissolution decree of Standard Oil of New Jersey; both obtain crude oils via Illinois pipe lines. Ohio Oil exchanged its stock for that of Illinois Pipe Line early this year; the exchange became effective March 8, 1930.

"Getting Around To It"

Every manufacturer can name plant, personnel and production features of his business that could be changed for the better. Planning the better way takes time. Making the changes takes time. "Getting around to it" is even more expensive in delays. Where in your organization can the necessary man-hours and brain-hours come from?

Our organization can "get around to it" *immediately* . . . help you *quickly* to save time and increase net profits through better use of your company's present equipment for management, production and distribution. Let us send you our booklet, "*When We're Through Changing We're Through.*"

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A scene near the Boy Scout Camp at Irondale in the Missouri Ozark Mountains, where each summer 2,000 Scouts get better acquainted with the great outdoors.

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MERRILY they swing down the road early in the morning. Squirrels chattering. Birds singing. But Old Sol soon catches up. Hot and dusty grows the road. Tiring the miles. Squirrels and birds rest in the shade. Then the welcome signal, "Halt!" "I-yi-yi!" On the roadside the little red Coca-Cola sign answers the watchword, "Be Prepared." Stretched on the grass with such a drink—that's when a fellow knows what *the pause that refreshes* really means » » So it is everywhere. You find Coca-Cola ready ice-cold wherever thirst calls and whenever a pause will mean the most. That tingling, delicious taste and its cool after-sense of refreshment packs a big rest into a little minute and gets you off to a fresh start.

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A pure drink of natural flavors served ice-cold in its own glass and in its own bottle: The crystal-thin Coca-Cola glass that represents the best in soda fountain service. The distinctive Coca-Cola bottle you can always identify; it is sterilized, filled and sealed air-tight without the touch of human hands, insuring purity and wholesomeness.

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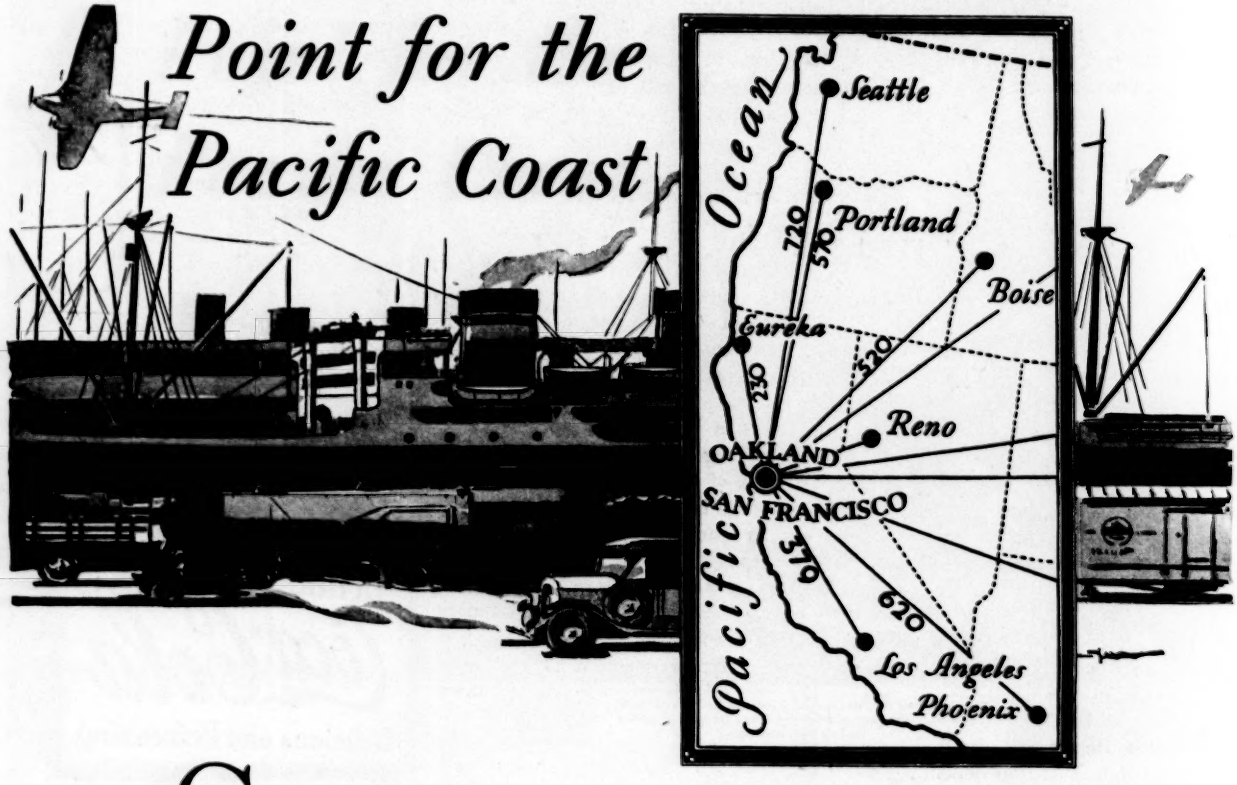

GEOGRAPHICALLY dominant, this manufacturing center of the West Coast stands on the median line of population of eleven Western states, between Canada and Mexico.

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Ind. 3-30

Congress Hesitates to Embargo Imports of Soviet Anthracite

ANTHRACITE interests failed to get action but did get sympathy from the House Ways and Means Committee in their request for an embargo on Russian coal. Appealing for his constituents, Representative Brumm of Pennsylvania urged endorsement of a bill putting into effect immediately the language of the new tariff bill which prevents the entry into this country of goods mined or produced by convict or forced labor.

Opposition came from a few members not yet convinced that state industry under a communistic government can be considered as employing labor on a forced basis. Representative Ramseyer, of Iowa, even pointed out that the ultimate effect of the proposals made by the Pennsylvania people would be to exclude all imports from Russia. Though no definite action was taken, anthracite dealers are not discouraged. Sympathy in Washington, they feel, eventually precludes failure.

Boston Pays Premium

The case of the anthracite interests, as reported by *The Business Week* (June 11), has brought comebacks from varied interests. Dealers in Boston deny that the coal is sold for $5.50, declare that the approximate price is $12, with slight variation depending on the amount purchased, and that Russian coal is sold in the vicinity of Boston at 50 cents to 75 cents per ton higher than the American anthracite for "the sole reason that it is superior in quality."

Boston dealers are further exercised over reported imports. February imports, they assert, were well below the reported 137,000 tons. Official reports from the customs department at Washington list Russian coal imports in February at 45,972 tons.

Interesting facts are revealed by Boston importers. Total imports of Russian anthracite, they assert, will not equal one day's production of American coal. The business lost to the anthracite industry will amount to less than $1 million while at the same time the Russian government, through various channels, purchased in the last 12 months more than $6 millions of goods produced in Pennsylvania and more than $17 millions from New York.

It is now revealed that the Glenn L. Martin Company of Baltimore has given up an order for 20 twin-motored bombing airplanes for Russia because the State Department "views with disfavor" the exportation of armaments to Russia. Terse comment from Secretary Adams of the Navy that the Martin Company manufactures military planes for the United States hints at a reason for disapproval. There is no restriction on the sale of commercial planes to Russia.

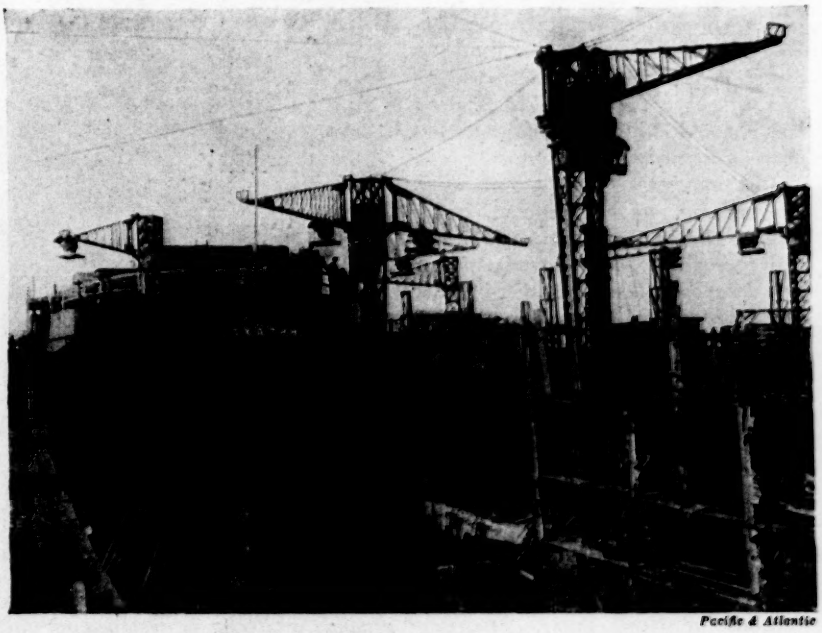
American Contract Starts Siberian Steel Industry

AMERICAN engineers have won another technical supervision contract in Russia. The Freyn Engineering Company, of Chicago, consulting engineers for the Soviet metal industry for a number of years, have signed a new contract with the Russian government for assistance in the design, construction, and early operation of a steel mill to be built in the Kuznets basin, Siberia. The mill will have an annual output of 1 million metric tons. Including a workers' town and a regional power plant, the project will cost $150,000,000. Preliminary work is already under way with 7,000 workers employed. The initial blast furnace and the corresponding open hearth and rolling departments are scheduled for completion in the fall of 1931. One year later the plant is expected to start full operation.

Like many of the new industrial projects in Russia, the Kuznetsky Steel Works will be built near the sources of raw materials and a city will be developed for the 30,000 workers who will be identified with the project. To supervise construction, the Freyn company is sending another 60 technical experts to Russia to supplement their large technical staff already in Leningrad.

The new plant, which will really mark the establishment of a modern iron and steel industry in Siberia, will have four blast furnaces and 12 open hearth furnaces, besides rolling mills and coke ovens. The annual output will include 800,000 tons of rolled products and 150,000 tons of cast iron pipes.

Soviet engineers surveying American industry in the Detroit-Cleveland area have signed a technical assistance contract with Henry Henrichson, until recently a consulting engineer with offices in Cleveland. Mr. Henrichson will supervise the construction of a tractor plant at Chelyabinsk in the southern Ural region. The plant is scheduled to be completed in 1931, will have an annual capacity of 50,000 tractors, and will employ 20,000 men when completed.



Pacific & Atlantic

RUSSIA BUILDS SHIPS FOR NEW COAL TRADE

The recent development of coal and oil resources on the island of Sakhalin has stimulated trade with the mainland. This ship, the Sakhalin, is one of several now building for service from Vladivostok, Pacific terminus of the Trans-Siberian Railroad

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

REACTIONS to the new United States tariff policy very definitely supplanted in business interest this week the Young bonds and International Bank shares. No little bitterness is expressed in almost all centers but it is improbable that there will be immediate tariff reprisals. United States products will encounter harsher customs treatment, and the more or less desultory attempts to encourage European trade solidarity have been given a fresh impetus by the common feeling of resentment.

European capitals are pondering several questions in relation to the tariff. The first is the degree to which it will restrict European exports to the United States and the corresponding degree to which it will prejudice Europe's ability to meet the war debts. More vital to United States business is the question whether or not Americans will be able to secure from foreign countries continuation of most-favored-nation treatment, the keystone of American foreign trade policy. Finally, what will be the effect on American production costs and on American competitive export power.

Young bonds in Europe were everywhere oversubscribed, though values have since been tending below issue prices. Money markets, except in England, are relaxed. Stagnation continues except in the building industry which in France is at peak levels, in England and Holland is high, and only in Germany is significantly subnormal.

Two important business conferences are opening, one in Ostend where Chilean and synthetic nitrate producers will endeavor to lay a foundation for a working agreement; the other in Paris where German and American "talkie" interests will endeavor to compromise on long standing patent disputes, and to establish some agreement for world interchange of productions.

By Special Cable to The Business Week

Great Britain—General business dullness has been accentuated by Whitsuntide holidays without even the normal increase in railroad traffic. The stock market is inactive and suffering from reactions in New York. Monetary stringency prevails. A lower bank rate is no longer expected. Lists for the reparations loan were closed after four hours and were twice oversubscribed.

Official figures show that foreign trade in May suffered a heavy decline. Total value of imports declined 11.9% from the same month in 1929, while exports decreased 24.3%, and re-exports 12.9%. The only commodities showing improvement were coal and pottery.

The London conference between government and local authorities on unemployment is expected to lead to party cooperation in an attempt to find a major solution to the problem of seriously increasing unemployment. Business opinion in regard to the success of such an attempt is fluid; leading industrialists generally doubt the power of political action against existing world economic forces.

By Special Cable to The Business Week

France—Except for record building, business is no longer so good. Prices are sagging, profit margins flattening volumes contracting. The country seems finally to have succumbed to world depression. May price indices show lower wholesale and higher retail levels. The net trend confirms *The Business Week's* earlier opinion that France will experience local depression at the time that the rest of the world is starting on the road to recovery.

Wide World

BED AND BOARD FOR MAN AND CAR

A new hotel near the exhibition grounds in Berlin is designed for the motoring public. On the first floor is a private cage for each car. Above are public rooms and bedrooms. Thus, downtown parking and traffic troubles are avoided, suburban quiet is assured

In the meantime, the Young bonds have been offered and oversubscribed fivefold. There is a rush of private issues to mop up capital left-overs. Among these is Michelin Tires, $12 millions; Electrodives Equipment Manufacturers, $6 millions; and Pechinay Chemical, $4 millions. The stock market, however, is still crumbling, though it is now less influenced by New York irrationalities. Average yields are gradually approaching 4% and new stock issues are again competing with bonds. Financial prospects are obscure as money continues to shade the previous all-time lows.

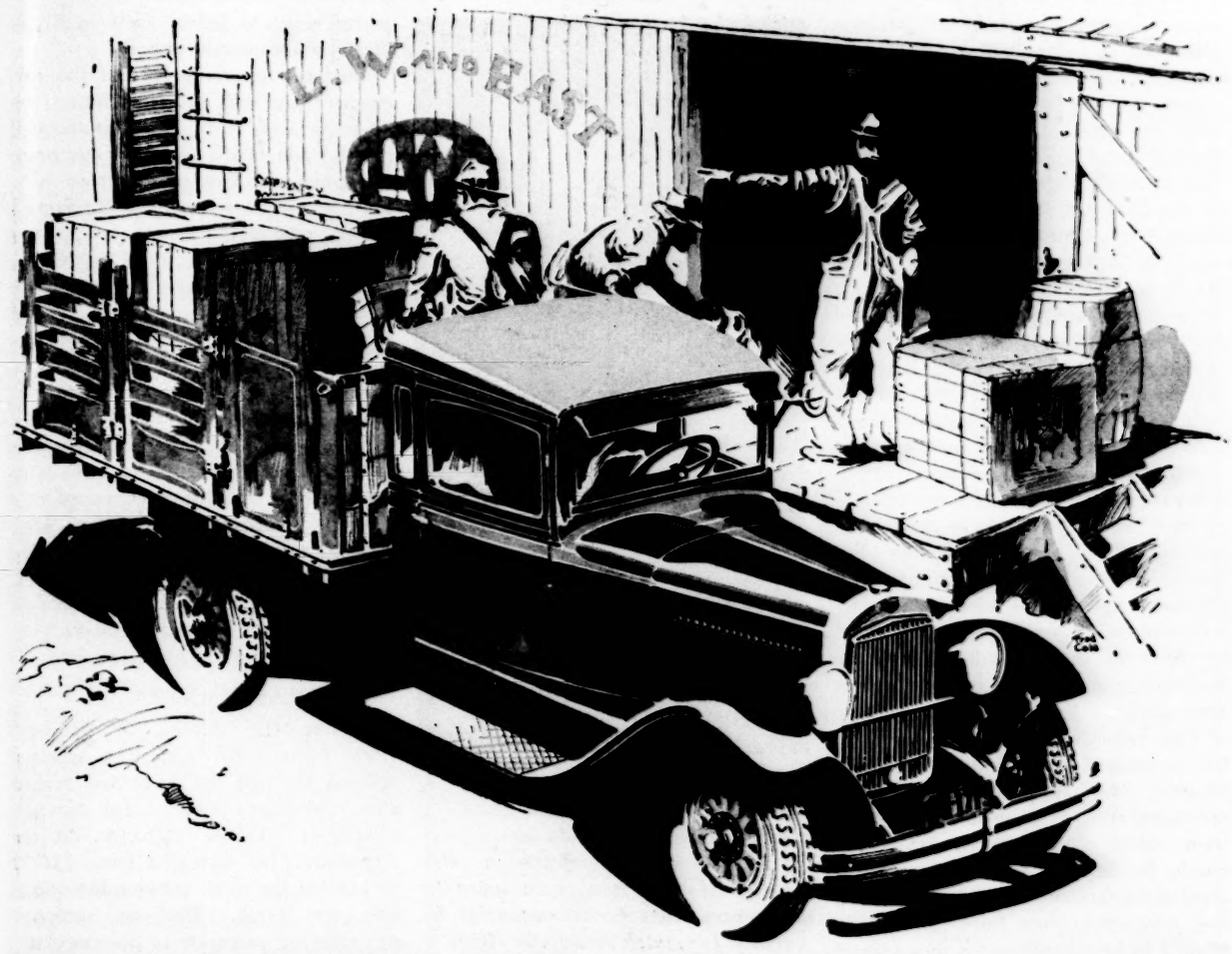
Debate on the national equipment program, usually termed the French Five-Year Plan, discloses that the January treasury surplus of $720 millions has shrunk to a bare $200 millions. The difference is not necessarily spent, but it is earmarked to cover the flood of intervening authorizations for new or increased expenditures. Revenues are still running ahead of the budget with no immediate deficit probable.

Because it will affect chiefly French luxury industries, the United States tariff was received with relative calm. It should be noted, however, that French business sentiment toward the United States has long been cumulatively hostile and promises to become the chief point of friction in Europe.

The concentration of the French automobile industry, now controlled by a multitude of manufacturers, is believed imminent. General Motors has absorbed the French Titan Sparkplug and French Northeast Company and their plants. This, it is believed in automobile circles, presages car assemblies paralleling the Ford plan, and was necessitated by recent increases in French duties on automobiles and parts.

By Special Cable to The Business Week

Germany—The chaotic condition of federal finances continues to be the major factor in the German economic situation, and the cause of Finance Minister's Moldenhauer's resignation. The majority of current business indicators



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DODGE TRUCKS

paint a gloomy picture of business. Dismissal of federal railroad personnel, unsatisfactory orders in the machine industry, and declining department store sales in both March and April are among the most unfavorable factors. The only bright spots are a small pickup in car loadings, a seasonal decline in commercial failures and an export surplus for April of one-quarter billion marks resulting from increased exports of manufactured goods and stabilized imports of raw materials at lower prices.

Successful issue of Young bonds is expected to reopen the valve for the influx of foreign capital, notably American. Fear is general, however, that relief is too late, for German receptibility of foreign credits is now impaired by the deepening business depression and the upheaval in public finance. For example, the railroad share of $100 millions originally intended for productive investment is now forcibly destined to cover the deficit resulting from the declining traffic receipts during the current year.

The industrial peace conference, in the meantime, is making satisfactory progress. Both industry and labor are optimistic and an agreement is expected soon. Steel, meanwhile, has set an example by announcing a reduction in domestic prices of an average of $1 a ton, retroactive from June 1. This is alleged to be proportionate to a virtual wage cut of 7.5% against the previously awarded wage cut of 10% to become effective July 1. The move has been favorably received throughout industry, though doubts have been expressed whether the reduction is sufficient materially to stimulate demand, especially for construction. It is notable that German domestic steel prices are still above export prices of the continental steel cartel. This price reduction is shortly to be followed by all metal working industries, and the glass industry has already announced a 12% reduction soon to become effective.

By Special Cable to The Business Week

Belgium—Industrials continue to contract with window glass factories suffering a serious crisis and working only at one-half of capacity. The situation in the coal industry is rapidly becoming serious. Demand is weak, foreign competition strong, and workers are refusing the wage reduction proposed for July 1. Pithead stocks are dangerously high at 1½ million tons. Other industries are less affected by depression, but the outlook in the metallurgical and textile groups is discouraging with the demand weakening and stocks accumulating rapidly. Unemployment is still low but it is expected to increase rapidly unless the situation improves promptly.

International News

DR. IVAR KREUGER

Syracuse University made him a Doctor of Business Administration. His Swedish Match Trust made loans to the governments of 15 countries in return for match monopoly rights

Money is plentiful and cheap. Call money has followed the trend in other European money markets and dropped to 1¾%. Tax collections are proceeding satisfactorily with collections for the first 4 months totaling 3,044,000,000 francs, which is 22,000,000 francs less than collections in this period a year ago. Tax reform has not yet been voted but it is expected to pass in the near future despite strong opposition. Parliament agrees on the suppression of the supertax but there is much objection to replacement by a *taxe indiciaire* based on expenditure instead of income.

By Special Cable to The Business Week

Italy—General trade depression, resulting partly from unfavorable crop prospects and partly from fear of the effects of the new United States tariff, has made money cheaper. Banks have reduced interests on commercial loans from 6% to 5%. Widespread resentment over the American tariff is expected soon to reflect itself in higher taxes on automobile imports.

Business has re-interpreted the government's increase in wheat duties from 73 cents to 86 cents. If crops are good it will undoubtedly be only a protection to farmers. In case of bad crops, however, it will be a means of obtaining a larger revenue. From July, 1929 through May, 1930, only 875,000 tons of wheat were imported in comparison with 2,200,000 tons in the same period a year earlier. This loss in import revenues totals just over $1 million.

Report from the state tobacco monopoly for the first 5 months of sales under increased prices are unsatisfactory. When increases of 10% to 15% were made it was with the intention of contributing substantially to the $26,250,000 needed yearly for 50 years to retire the consolidated debt of the state. Decreased sales indicate that tobacco taxes will yield annually only $1,732,000 instead of $2,152,000 required.

LATIN AMERICA

Despite the interest in goodwill visits from Latin American officials, opinion through the week has turned more pessimistic over Latin business conditions. Dollar exchange on the Argentine peso increased from 116.20 to 118.15, the most unfavorable quotation since March. Weakened exchange was reflected promptly in decreased imports, with resulting lower customs revenues. Exports of cereals were scarcely half of the total for the corresponding week last year. The Buenos Aires government has issued bids for another loan of about $11,400,000.

Mexico's difficult economic situation was further aggravated by the fall in the price of silver. The Minister of Agriculture has been asked to prepare a schedule of protective tariffs on foodstuffs to encourage home production. A second long-distance telephone now connects Mexico with the United States and Canada.

Russia's purchases of Cuban sugar have stimulated some optimism among overstocked growers. Exporters of textiles are interested in Cuba's abrupt increase in duties on all textile imports since May 30. Under the new tariff, the rate on knit cotton undergarments is doubled, and on unbleached napped cotton fabrics in blankets or wearing apparel is increased 60%.

Ecuador, attempting to solve financial difficulties, has invited Dr. Edwin W. Kemmerer to advise on economic reforms after he has completed his work in Colombia.

What the Figures Show

THE fairly rapid decline in general business activity since the middle of May has continued during the first two weeks in June, and the current level is the lowest so far reached during the past year. Basic industrial activity, which has so far somewhat resisted the usual summer slackness, is declining more rapidly. General trade, still relatively nearer normal than production, continues to fall off. Commodity prices show little resistance to further decline.

The Business Week's preliminary index of the volume of general business activity for the week ending June 14 has fallen to 88.7% of normal as compared with the final index of 90.5% for the preceding week and 109.1% for the corresponding week last year. This is the fourth successive week of decline and brings the index slightly below the low point reached at the beginning of January, cancelling the improvement shown this spring.

The production group in the index declined sharply from 90.5% of normal to 87.6%. The group of general trade indicators showed a more moderate decline from 90.5% of normal to 89.5%.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	Latest Week	Preceding Week	Year Ago
	*88.7	90.5	109.1
Production			
Steel Mill Operation (% capacity)	68	71	96
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$16,924	$18,035	$23,358
Bituminous Coal (daily average, 1,000 tons)	*1,359	1,406	1,546
Petroleum (daily average, 1,000 bbls.)	2,571	2,588	2,743
Total Electric Power (millions K.W.H.)	*1,810	*1,825	1,810
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	156	156	176
Check Payments (outside N.Y. City, millions)	$5.234	$4,917	$5,829
Money in Circulation (daily average, millions)	$4,489	$4,508	$4,675
Wheat Receipts (1,000 bushels)	4,546	3,839	5,451
Cotton Receipts (1,000 bales)	92	77	65
Cattle Receipts (1,000 head)	*173	‡172	139
Hog Receipts (1,000 head)	*508	‡479	539
Wool Receipts (1,000 lbs.)	13,639	7,791	9,066
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ .98	$1.01	$1.02
Cotton (middling, New York, lb.)	$ .148	$ .159	$ .189
Iron and Steel (composite, ton)	$33.52	$33.52	$36.96
Copper (electrolytic, lb.)	$ .117	$ .126	$ .178
All Commodities (Fisher's Index, 1926-100)	87.0	87.6	96.6
Finance			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,966	‡$17,038	$16,364
Commercial Loans, Federal Reserve member banks (millions)	$8,402	$8,434	$9,155
Brokers' Loans, New York Federal Reserve member banks (millions)	$3,787	$3,998	$5,120
Federal Reserve System Ratio	83.3	83.0	75.8
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	21,276	11,949	14,136
Stock Prices (N. Y. Times, average 50 stocks)	$209.82	$223.36	$246.11
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$52,546	$46,443	$43,026
Bond Prices (Dow, Jones, average 40 bonds)	$95.29	$95.30	$93.56
Interest Rates—Call Loans (daily average)	2.9%	3.0%	7.6%
Interest Rates—Time Loans (daily average)	3-3½%	3½%	8½-%
Business Failures (Dun, number)	489	485	426

*Preliminary ‡Revised

Steel Activity

Steel activity slackened more sharply this week than it has in recent weeks, falling from 71% of capacity to 68%. Steel Corporation operations declined from 75% to 72% and independents from 67% to 64%. These declines make the rate of falling off since the middle of May somewhat greater than in earlier years like 1928. Trade opinion looks for further contraction during the summer and sees no prospect of improvement before early fall. Automobile, railroad, agricultural equipment demand are being sharply curtailed and the increase in volume of business in line pipe and structural steel are not sufficient to offset retrenchment in these other lines.

Even more drastic curtailment of automobile production in July is expected and a general average of operations at 50% of capacity in automobiles during the summer is forecast. Steel pipe bookings continue to increase and structural steel inquiries and contracts are holding up under active heavy building operations in the metropolitan district of New York. Scrap prices are still weakening and shading of prices in finished steel continues, but with greater resistance to sharp declines, as market levels for some products approach a cost basis. Increased steel-making capacity, however, still exerts pressure on the price structure in this period of slack business.

Despite the slackening in steel activity, *The Business Week's* index for this week, adjusted for seasonal fluctuations and year to year growth, is still only 1.9% below normal.

Building Still Slow

Building activity continues to slacken. The latest four-weeks daily average of general contract awards, based on Dodge figures, is now back to the level of the middle of March and 27.5% below last year's level. The daily average so far in June is 15.4% less than that for last June. Construction contracts to date this year are 18.3% below the corresponding period a year ago.

Our index of the volume of building construction, based on the four weeks average to date and allowing for seasonal fluctuations and normal growth, declined sharply from 83.3% of normal to 78.5%.

Heavy construction contract awards, according to *Engineering News-Record* figures, rose from $63 millions in the week ended June 12 to $70 millions for the week ended June 19, but are below the $86 million figures for the corresponding week last year. The cumula-

tive total of heavy construction contracts to date is 20.5% under last year.

The S. W. Straus figures of building permits in 588 cities and towns for May show a loss of 3% from April and 35% from last May. This is considered an encouraging indication of an upward tendency toward normal, in view of the fact that building permits usually drop about 12% between April and May.

The daily average rate of bituminous coal production declined sharply for the latest week and is below the 1928 level. Coal production is holding up fairly well in view of the seasonal slackness usual at this time of the year; but sharp contraction is expected later in June and in July. Our index of coal production declined sharply for the week from 77.4% of normal to 73.6%. Petroleum output is running along at a slightly decreasing rate.

Electric power production for the latest week remains at least year's level. Our index, adjusted for seasonal fluctuations and year-to-year growth, declined from 98.2% to 97.4% of normal.

Commodity Prices

Commodity prices fell sharply, partly under the influence of liquidation in the securities market. Most staples reached new low levels for the year. Some, like copper and silk, reacted to pre-war levels, and sugar to a record low figure. The wheat average declined, and Chicago prices at one time fell to the pre-war level. The cotton average was markedly lower and about 4 cents below last year, but there was some strengthening toward the end of the week as the delivery date on July contracts approached. The iron and steel composite remained unchanged but copper fell to the pre-war figure of 11¼ cents, with a wide open market and some stimulation of buying at this level.

The Fisher all-commodity index, as well as the National Fertilizer Association index, continued to decline rather sharply.

The general trade indicators showed no definite improvement. Total freight carloadings continued to run over 11% below last year and 6% below 1928, although showing the usual rise for the week following the Memorial holiday. Non-bulk carloadings, also higher for the post-holiday week, were still almost 10% below last year and 4.4% below 1928. Our index of this group rose slightly for the week but remains over 10% below normal for the season and the year.

Check Payments

Check payments outside New York City rose for the week but are still over 10% below last year. Increased activity in the security markets is probably reflected in this rise for the week. Our index of bank debits outside New York, based on the average of the last two weeks and adjusted for seasonal fluctuations and normal growth, declined from 89.2% to 87.5% of normal. This is the lowest so far this year. Check payments in 131 cities outside of stock trading centers rose 7.6% for the week but remained 8.1% below last year.

Commercial loans of reporting member banks declined again for the week, but our index, adjusted for commodity price changes, seasonal fluctuations and normal growth, rose from 98.4% to 98.7% of normal.

The amount of money in circulation declined for the week and our index fell from 97.9% to 97.5% of normal.

The number of business failures, following the usual seasonal trend, declined for the week but remains considerably above the past two years.

Federal Employment Figures

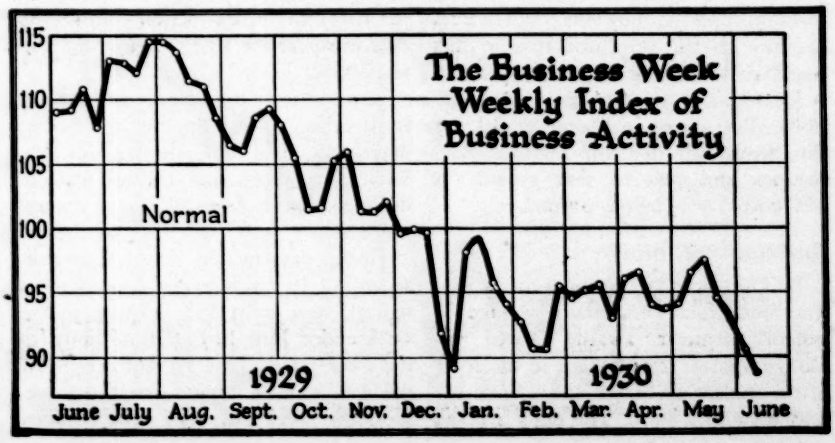
The federal government's employment figures for May show a decrease of 0.9% in employment and 1.2% in payrolls for the 13 industrial groups covered. Six of these groups—anthracite mining, quarrying, electric railroads, telephone and telegraph, power, light and water plants and crude petroleum production, showed increased employment, while seven groups—manufacturing, bituminous coal mining, metal mining, wholesale and retail trade, hotels, and canning showed decreases.

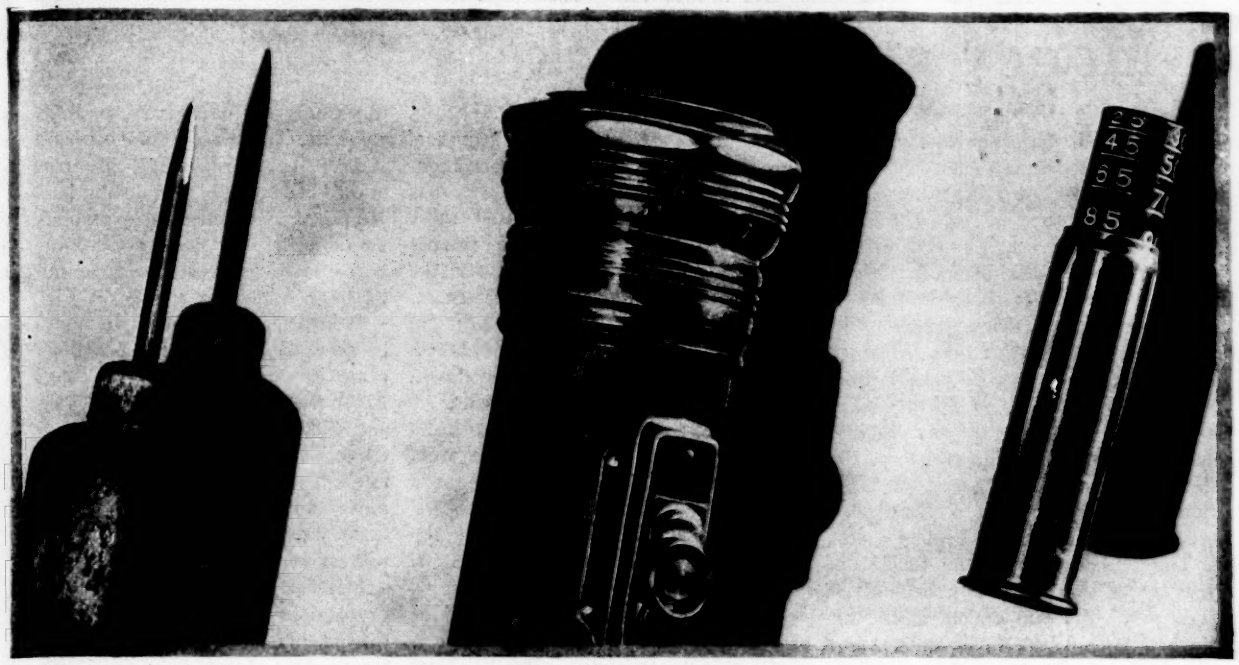
Excluding manufacturing, the other 12 groups showed an increase of 0.1% in employment and a gain of 1% in payrolls. The decline in manufacturing employment brought down the total employment average. The number working in manufacturing industries around the middle of May showed a decrease of 1.6% as compared with April, with payrolls dropping off of 2.4%. Manufacturing employment in May was more than 10% below last May. This indicates a decreased employment of between 300,000 and 400,000 workers.

No account is taken in these figures of employment in building trades and construction, which the government hopefully says probably increased.

The government's figures on wholesale commodity prices for May show a sharp drop of 1¾% from April and a decrease of 7% below last May. On this basis the dollar was worth about 8 cents more this May than last. Farm products and foods showed the greatest declines for the month. Textiles, metals and metal products were somewhat lower, and hides, leather, shoes practically unchanged.

The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.





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Money and the Market

As stocks shot sharply downward to or very near to the lows established in the autumn market break, commodities dropped lower than in from one to ten years and business activity fell off during the week, the Federal Reserve system, led by the Reserve Bank at New York, came forward again with an effort to stem the tide. The rediscount rate at the New York bank was cut from 3% to 2½%, the lowest rate in the history of the Reserve system. However, the effort in this direction was unaccompanied by operations in the open market to release more credit.

The actual effect of the lower rate will be small. New York banks have been practically out of debt to the Reserve almost all year. But as a gesture, this evidence of willingness to discount may have considerable psychological effect. Release of credit may come later. The system is strongly urged to move in this direction to stop further declines in price levels. Its statements will be watched closely in coming weeks for any evidences of such action.

The $19,000,000 increase in government security holdings cannot be taken as an indication of a changed open market policy. The week covered the government's June transactions, which almost invariably increase the system's holdings of government securities. The decline in holding of bankers' acceptances and discounts for member banks more than offset this growth. The figures of the New York institution alone show exactly the same trends as for the 12 banks combined.

Stocks dropped heavily during the week in the largest break since autumn, but days of decline were followed by days of sharp recovery. About one-half of all stocks listed on the New York exchange made new lows for this year, and many of them dropped all the way to the lows of last autumn, then recovered a little.

The week closed with industrial stock averages running to within 10% to 15% of their 1929 lows, rail stocks at about those levels, and most other groups varying in between those points. Volume of trading rose to 6,500,000 shares in one day, second largest for the year, but declined as the market turned less active later in the week. Security markets in other cities accompanied New York downward.

The plunge of commodity prices to levels lowest in from one to ten years was a strong factor in the market unsettlement. Confidence in stocks was unsettled as holders translated these developments into terms of smaller business and smaller profits for the companies which the stocks represented. The enactment of the tariff bill did not do all its boosters had predicted. It seemed to be a force on the downside, though one hard to evaluate.

The effect of the wholesale stock decrease plus the fact that there were fewer new bond flotations brought a decline of $211,000,000 in brokers' loans. As was the case last fall, the New York banks were forced to shoulder the burden since out-of-town banks and "others" ran in the face of the slump. The two latter withdrew $262,000,000 from the market. New York banks put an additional $51,000,000 in.

The bond market turned irregular, largely as the result of the cessation of bank buying. After buying steadily for nearly three months the banks have been out of the market for the last two weeks. Governments continue to be bid up sharply, but the rest of the list is irregular.

Many of the Wall Street group were searching for new reasons for the renewed set-back this week, new alibis to replace the worn but sturdy ones of prices and tariff. No satisfactory goats were found, however.

Money rates eased off, and even further drops may result from the Reserve's marking down. Time money for shorter maturities was ¼% lower, being quoted at 2¾@3%. Dealers in bankers' acceptances cut their rates immediately on notice of the Reserve discount rate cut, shorter maturities being quoted at 2⅛@2%, a decline of ⅛%.

Normally, reductions in discount rates of other Federal Reserve banks should come promptly. With New York at 2½%, the differential is large. Boston and Cleveland charge 3½%, and all of the other institutions still have a 4% rate. The ease of credit and the small indebtedness of banks to the Reserve institutions tend to slow the normal process of decreasing this differential.

Member bank credit outstanding dropped by $75,000,000, as shown by the weekly reporting member banks. Investments declined slightly, security and commercial loans more. Failure of security loans to decline as much as brokers' loans shows the shift of security borrowers from brokers to banks.

The volume of bankers' acceptances at the end of May was $1,382,000,000, a decline of $31,000,000 from the preceding month. The total stands $275,000,000 above a year ago, however. Acceptances and commercial paper are the only form of commercial borrowings indicating any activity this year. Commercial loans by banks are lowest in about eight years.

The Dublin Letters

Memorandum to Mr. George Clark, Treasurer and General Manager of the Dublin Advertising Agency — Subject: A Suggested Change in Personnel

Office of James W. Dublin
New York
November, 1927

While you were out this afternoon I had a call from Mr. R. R. Jamieson, president and general manager of the Jamieson Ultimate Fountain Pen Company. Mr. Jamieson has been promising to pay us a visit for the last year—and today, about 2:30, he kept his word.

Miss Manley was at the entrance desk. She took Mr. Jamieson's name and then 'phoned my office to announce him. My line was busy, so she hung up.

What happened in the next half hour is this, as near as I can find out with my weak talent and strong distaste for detective work:

A couple of magazine representatives blew in. One of them was Roy Benson. Who the other was I don't know. But you know Roy. If his magazine had one subscription for every stenographer or other female unit of office help Roy has kidded in his lifetime it would have the biggest circulation on earth.

You can imagine Miss Manley is always glad to meet him. She is very fond of giving and receiving goo-goo eyes in her demure way—and don't forget I told you so two or three months back.

At the time you thought this was quite comical and said I was getting self-conscious. As old as the human race is, it still labors under the squint-eyed delusion that the way to fix things is to call names.

Anyhow, it seems as soon as Miss Manley and Roy met this afternoon they started in having some repartee.

Then—I'm sorry to say this and I apologize for him — Derby Thomas joins the gang. (I am also addressing a few remarks to Derby along the lines of this memo.) A few minutes later another girl from the Checking Department declares herself in and everybody gets introduced, I suppose, and there you have the greatest aggregation of wise-crackers under one roof complete.

Miss Manley's brains entirely evaporated in the spontaneous combustion.

Meanwhile, Mr. R. R. Jamieson sits shunted over on a siding from this absurd giggle contest wondering who in hell I think I am to hold him up all this time or am I going to salt him down for the winter so he'll keep—or what?

Mr. Jamieson has but ONE passion in the world—his patent, automatic self-filler: "The Filler that Fills With a Flick of a Finger." Everything else in life is silly to him, if not obnoxious. Especially he is not interested in making a study of how the sexes play in commerce. His main aim is to push out more fountain pens.

Of course these details are post-mortem. I didn't know anything about it till afterwards.

Around 3 o'clock my door opened and Miss Manley came in all of a-quiver and said Mr. Jamieson was waiting to see me and didn't think he could be *"delayed any longer!"* Apparently he was easing toward the elevator when Miss Manley snapped out of her social complex and grabbed him. I think she was so scared she'll have crow's feet ten years ahead of time from the shock.

We rushed Mr. Jamieson into my office, placed him in a chair, gave him a cigar—and words failed me. There *are no words* for a situation of this kind. Now I can understand how a man must feel who's had his teeth yanked out in the green corn season.

Mr. Jamieson couldn't spare more than twenty minutes and while I apologized twenty minutes' worth he kept looking at his watch. Try being timed while you're making an apology and see how good you are.

Later Miss Manley came in and cried and said she didn't know he was a customer. *I want somebody on the entrance desk who doesn't expect a customer to come in with a big sign on him like a sandwich-man.*

One thing you may be sure of: until we staged the Chatterbox Revue in the lobby Mr. Jamieson was disposed to like us. Now he has walked out on the show with a $500,000 account in his pocket. This is no bunk.

Miss Manley is an economic dislocation. She has the idea that her job here is just practicing to be a night club hostess.

I won't be in the office for a week or more. By then I hope a great light will burst upon you and I shall, upon my return, see a new face where Miss

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when employees doze, yawn, or get dull headaches, due to sultry heat and foul air. Modernize your office with
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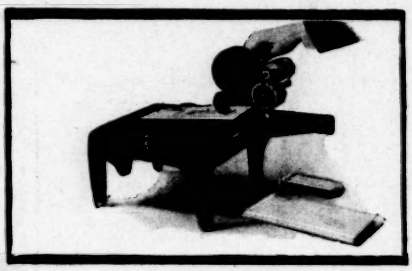
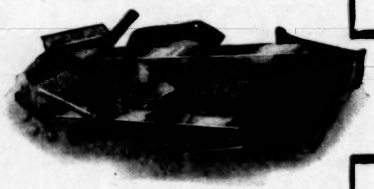
HERE is the greatest opportunity ever offered anyone needing a Mechanical Addressing System!—A new line of "Elliott" CONVERTIBLE Addressers that grow as your requirements grow:—

If your mailing list is small and your initial investment in equipment must be kept way down—buy this "*600 per hour*" Addresser for **Only $25.**



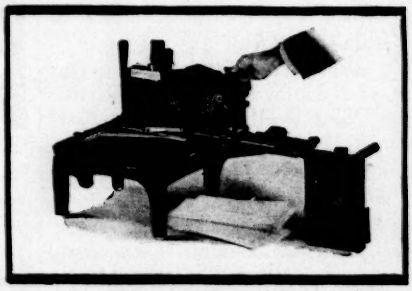
Then as your list grows and higher speed addressing becomes desirable—

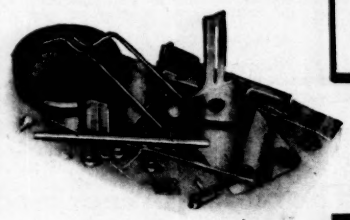


for $55. extra

We will furnish and put these additional parts on your Machine—

—which will give you this "*1500 per hour*" Addresser with AUTOMATIC STENCIL FEED—exactly like the standard "Elliott" Model sold for **$75.**

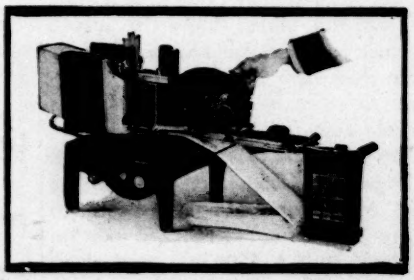




Then whenever you want still greater speed and operating convenience, we will add these extra parts

for another $55.

—which will turn your Machine into this "*125 per MINUTE*" Addresser with AUTOMATIC ENVELOPE FEED—exactly like the standard "Elliott" Model sold for **$125.**



Thus, no matter how small an "Elliott" System you start with, you always have the makings of the fastest little Addressing Machine in the world!

Your original investment never depreciates!

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Manley's face was. I do not wish to punish her or humiliate her. I only want her to go somewhere else. You can manage it in your customary genteel and kindly manner. As a compromise you can hide Little Madcap way back in a cubby-hole in the Checking Department, if that suits you better. It is positively fatal for her to meet the public. That's the real point.

My preference for Miss Manley's successor would be a woman who can talk without cooing. She should have good, plain features and a soap and water complexion. She can think a man is God's greatest gift to woman if she wants to, but should be of the disposition and experience that has decided to get along without one. She must understand that the co-educational features of this institution are no frolic. She must have eyes that are good to see and read with and *nothing more*.

Please have this prescription filled promptly, as I am very sick and need to be given my own way.

J. W. D.

Memo to Mr. George Clark

***Subject:* Interior Decoration *vs.* R. R. Jamieson**

Office of Mr. James W. Dublin
New York
November, 1927

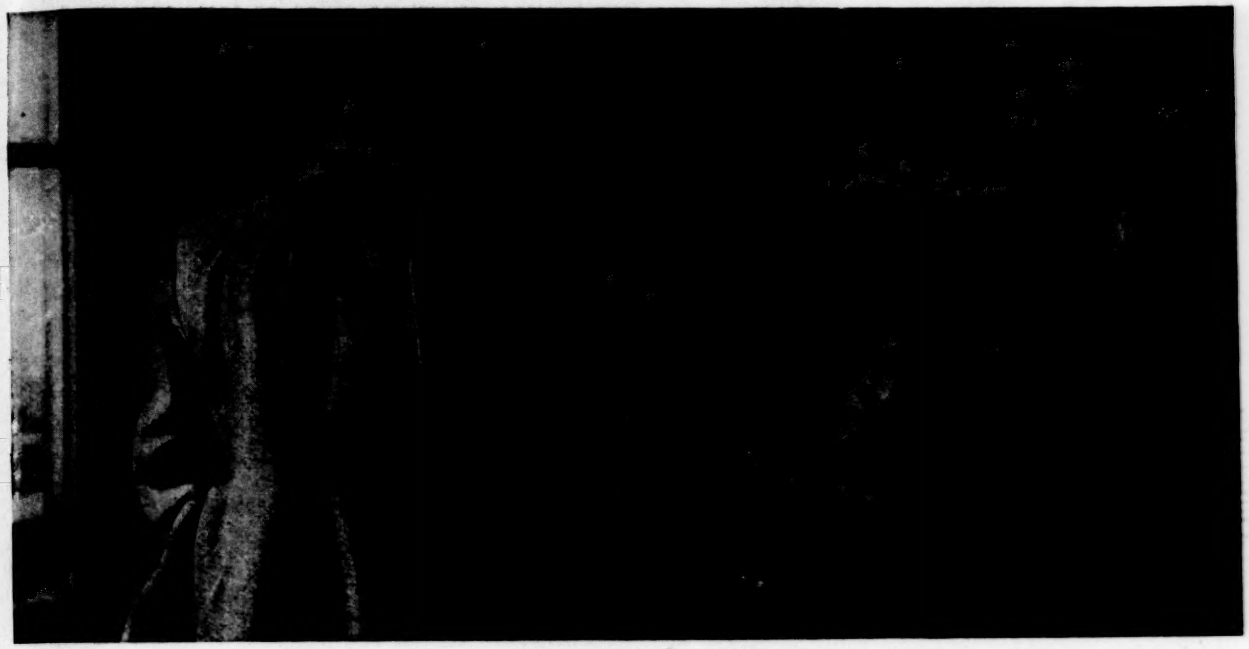
There is something in the Jamieson incident which has given me cold feet on our reception room. I know that all these dim lights and hush-up carpets and rugs and period furniture are considered artistic. It suggests that we operate a high-class Temple of Temperament. I liked it right enough at first, but lately it has given me the feeling of an over-upholstered cave.

It's a good guess that the low visibility in the place which we all thought so charming has cost us more money than the original investment. Put a littleish, plain-looking man like R. R. Jamieson over in a dark corner in one of our dusky Charles the Second chairs and he almost vanishes.

Whereas if the reception room were done in yellow paint and just some good practical Grand Rapids office stuff and more light, even if it did hurt the eyes, the chances are Mr. Jamieson wouldn't have been lost in the atmospheric background. He would have fidgeted, coughed, or shuffled his feet and maybe Miss Manley would have rallied before it was too late.

As between swell interior decoration and Jamieson, I take Jamieson. Think it over.

J. W. D.



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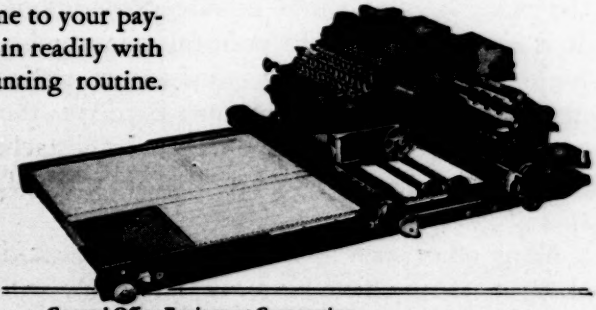

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THE BUSINESS WEEK

The Journal of Business News and Interpretation

June 25, 1930

More Work for The Undertaker

THE apple cart's upset, the beans are spilled, the tariff bill is signed. What now? Miracle? Disaster?

Nothing spectacular at all, we think. Just a little more trouble, a little harder work for everybody, including the undertaker, Old Man Time, who buries our pet ideas and fond illusions about easy times, wonderful progress, international cooperation, great men, and the like. Tariff effects are like that—slow, silent, sad.

We don't think much of this tariff, nor does anybody else, not even the President, who signed it so quickly. True, like all tariffs, it isn't perfect; but that doesn't make it any more palatable. It isn't just another imperfect tariff. It is distinguished for its imperfections. It is the highest, the worst made, the most inopportune in our history. It ignores quite impartially the principles of honest protection, of free trade, of revenue, of reciprocity, of common sense, and the plain facts of world economic conditions. It is a product of pure political compromise, log-rolling, vote-swapping—sans science, statesmanship, or sincerity. It means a burden to the consumer, a gold-brick to the farmer, an obstacle to world trade, a benefit to but few small, special groups.

Many other such sweet things could be said about it. Many have been said and many will be said by business men, politicians, workers, and voters. But they were not said enough, or soon enough. Nobody could believe it was real, any more than he could believe the uncomfortable facts of world-wide business depression were real. We've all been sliding and drifting, fooling ourselves more or less, and the tariff, like the slump, won by default.

Now that the thing's done, now this uncomfortable fact is added to the others, we must stand up to it as best we can. This country is probably strong enough to survive any mistake, even this tariff, even at this time. Though we don't want to fight, we can. If it means trade war, we'll rally round the flag, boys, and make usual sacrifices, as always.

We don't expect our job to be made much easier, our uncertainty smaller, or our enemies more friendly by the flexible provisions. Flexibility means chronic uncertainty. The real evil in tariffs is that they are changed at all, or often. The only good tariff is a fixed, stable one.

We hope the President picks wisely his six good men and true. But eight years of experience give us the feeling it will be the same bipartisan tariff commission, the same unworkable law, the same interminable delays, the same single-jointed flexibility. We should not go on forever making mistakes and expecting commissions to correct them afterwards.

This tariff won't make prosperity or mar it. Prosperity is not created or killed by tariffs, perfect or imperfect. It is made or marred by men, by the quality of their labor and their thought, and by more fundamental factors, like credit conditions. Foolish public policies merely force us to work and to think harder. This one will do nothing for or against us now, while business is biding its time. It will neither switch on the sunshine of prosperity nor call down the clouds of calamity. It will merely make the recovery, when it begins, slower and more difficult than it might otherwise have been.

Meanwhile, more perspiration, more cogitation.

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